UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC., SECURITIES LITIGATION	§ § § §	CIVIL ACTION NO. 99-371-KAJ (CONSOLIDATED) REDACTED - PUBLIC VERSION

APPENDIX OF EXHIBITS TO THE DECLARATION OF JENNIFER R. BRANNEN IN SUPPORT OF THE ADAMS GOLF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (Volume 1)

Jeffrey L. Moyer (#3309)
moyer@rlf.com
Alyssa M. Schwartz (#4351)
schwartz@rlf.com
Richards, Layton & Finger, P.A.
One Rodney Square, P.O. Box 551
Wilmington, Delaware 19899
(302) 651-7700

Of Counsel:
Paul R. Bessette
Jennifer R. Brannen
Michelle A. Reed
Laura L. Moriaty
Akin Gump Strauss Hauer & Feld LLP
300 West 6th Street, Suite 2100
Austin, Texas 78701

Attorneys for Defendants Adams Golf, Inc., B.H. Adams, Richard H. Murtland, Darl P. Hatfield, Paul F. Brown, Jr., Roland E. Casati, Finis F. Conner, and Stephen R. Patchin

Dated: September 18, 2006

EXHIBIT 6

MACKENZIE W·D·C DISTRIBUTORS

WDC MACKENZIE DISTRIBUTORS LTD.

1140B - 44th Avenue S.E., Calgary, Alberta T2G 4W6
Phone: (403) 243-4005 Toll Free: 1-800-395-6745 Fax: (403) 243-3457

DATE Apr. 27/06 EXHIBIT NO. 6
EXAM. OF Greg Pratt
Kim Morosse
COURT REPORTER CSR(A)
Amicus Reporting Group

April 13, 1998

Attention: Chris Beebe
Director of International Sales
ADAMS Golf

Let me start off by saying welcome to the exciting world of Adams from WDC Mackenzie, one of Adams top international distributors. You have already helped us out with our latest concern - the presence of Adams clubs in the Costco stores in Canada.

As you are well aware, from our conversations, this has the potential to have great impact on the Canadian market for Adams if together we do not act quickly. I would like to fill you in on what has been the reaction from our Canadian Adams clients, what action we have taken to date, and some suggestions for Adams to help us put an end to this immediately.

Our Adams accounts have been calling us steady ever since the Tight Lies showed up in the Costco stores, about three weeks ago. We handle anywhere from ten to twenty-five calls daily. Please keep in mind that we have a total of 2,200 golf accounts in the whole country. This includes off-course, and green grass. We have about four hundred Adams accounts to date

I have spoken with the Vice President of Costco Canada, other executives and written them a letter explaining our concern as the holder of the Canadian rights for Adams clubs, as they possibly were not aware. They Are not concerned who holds the rights, and they will continue to source product that " . . . our members are asking for". They admit to sourcing the Adams clubs on the "gray market", and are not apologizing for it. Other major golf companies have had this problem before, and some still do. Each one in the past took action

History has seen Callaway, Taylor Made, and Ping either match the pricing of Costco to its accounts, or go into Costco and purchase all of the product, to be rid of it. Many accounts have threatened to send the product back to us if we do not do the same. It is important to note that our wholesale price is $235 for graphite (retail $299-$349) Costco is retailing the graphite Tight Lies at $249.99 While Costco

has not received much product to date this pricing has done some short term damage to the perception in the market. We have taken steps to buy some time so together with your help we can put an end to this.

We have asked our clients to stand behind us. While they all agree that this is the hottest club in the market they are very uncomfortable with Costco's retail being only $15 more than their wholesale. We have told our loyal Adams accounts to give us time, and if this problem has not gone away, and the clubs do not sell as a result we will take their product back. We have asked them to give us sixty days. We are confident that you will have helped us with our problem by then.

There are ways that you can help us. Since the product is originating at your facility you can take steps at your end. As you know these "parallel exporters", or "divertors" are very sly. The inside sales staff at Adams must play a major role. Can we make them aware of how serious this is? If necessary I will come there myself and explain how this could hurt us in Canada. I would suggest that any account that has only one or two stores in the United States should be red flagged any time they order more than fifty clubs, as a suggestion. This should especially apply for accounts close to the Canadian border.

Your quick action on the order for King Par in Flint Michigan stopped an order of 1,500 clubs from going to a one-store account. It is guys like this that are making life difficult for us. Ping was able to control this problem when they started to serial code their clubs. This way they are able to track where the clubs came from, and eventually put the "parallel exporters" out of business, bit by bit.

With your experience in this area you can offer many suggestions to help us with this problem. We welcome any ideas you may have. I look forward to hearing your thoughts.

Yours truly,

Greg Pratt
National Sales Manager

WDC MACKENZIE DISTRIBUTORS LTD
1140 B 44TH AVENUE S.E.
CALGARY, ALBERTA
T2G 4W6
PHONE# (403) 243-4005
FAX# (403) 243-2457
E-MAIL: WDCMACKG@CADVISION.COM

FACSIMILE TRANSMISSION SHEET

TO: ______ ATTN: Chris Beebe

FAX #: ______ DATE: April 13 '98

FROM: Greg Pratt TIME: 7[15] pm

TOTAL NUMBER OF PAGES INCLUDING COVER: three

COMMENTS:

The letter we discussed

Thank-you.

[signature]

EXHIBIT 7

W.D.C.MacKenzie TEL:14032432457 Apr 14 98 16:03 No.021 P.01

WDC MACKENZIE DISTRIBUTORS LTD

1140 B 44TH AVENUE S.E.
CALGARY, ALBERTA
T2G 4W6
PHONE# (403) 243-4005
FAX# (403) 243-2457
E-MAIL: WDCMACKG@CADVISION.COM

DATE Apr. 27/06 EXHIBIT NO. 7
EXAM. OF Gregg Pratt
Kim Morosse
COURT REPORTER CSR(A)
Amicus Reporting Group

FACSIMILE TRANSMISSION SHEET

TO: ADAMS GOLF ATTN: CHRIS BEEBE

FAX #: DATE: APRIL 14th

FROM: PAUL HOLFORD TIME:

TOTAL NUMBER OF PAGES INCLUDING COVER: 23

COMMENTS: AS PER DISCUSSION — FYI
OUR FIRST LEAD ON ADAMS/COSTCO
WAS MAR. 23RD KELOWNA BC.
WE PASSED ON THE INFO. TO YOU
FOLKS SHORTLY THEREAFTER.

THX

PAUL

April 14, 1998

CHRIS BEEBE
Adams Golf
2801 East Plano Parkway
Plano, Texas
75074

Re : Costco Wholesale

Dear Chris,

As per our discussion, here is the related information

1) Acushent Canada Inc. : *Transshipment/ Redistribution Policy*

2) Golf Connections : Orem, Utah (801) 467-4499 Contact : *Borges Lamont*
Parallel exporter of Adams, Callaway, Taylor Made, etc. Possible source for Costco, but confirmed as presenting these products to Retail and Green Grass facilities.

Hope this information proves useful to our common plight. I would like to thank you for your efforts on behalf of all of us here at WDC Mackenzie Distributors Ltd.

Sincerely,

Paul Holford
Manager
Customer Service

W.D.L.MacKenzie TEL:14032432457 Apr 14 98 16:30 No.024 P.01

Titleist cobra FootJoy

January 1998

Cross Beebe

ACUSHNET CANADA INC

TRANSSHIPMENT/REDISTRIBUTION POLICY

THE ACUSHNET COMPANY, WORLDWIDE is committed to protecting the quality image and goodwill associated with TITLEIST, FOOT-JOY and COBRA products. This can be accomplished in part by ensuring that those who are authorized to sell our products are committed to providing an appropriate level of service merchandising, advertising and promotion.

Our policy is to sell our products to direct accounts strictly for retail sale to end-users from the direct account location authorized by ACUSHNET CANADA. It is a violation of our policy for a direct account to:

A. Engage in wholesale sales of our products.

B. Sell, transfer or distribute our products, either directly or indirectly, in or to locations other than the authorized direct account location or wholesalers without the approval of the National Sales Manager. Each direct account may once each year participate in the sale of our products at a location other than their approved location; provided that the other location is within 50 miles of the approved location, the sales are conducted by personnel of the direct account and the sales continue for a period of seven days or less. Any other such sales require the prior written approval of the National Sales Manager.

If, as a result of a direct account engaging in any of the above activities, product ordered by that direct account is subsequently discovered for resale in an unauthorized retail location, either in Canada or abroad, ACUSHNET CANADA INC. will enforce this policy as follows:

1. First Violation - cancellation of all orders and a three month suspension of all order taking activity.

2. Subsequent Violation - discontinuation of the business relationship.

A violation of this policy may, in Acushnet Canada's sole discretion, disqualify an account from participating in and receiving the benefits of (volume related) discounts, incentive programs, or rebate programs.

This is an ACUSHNET COMPANY WORLDWIDE corporate policy. No employee is authorized or permitted to solicit or accept any assurances of compliance from any account with regard to this policy. No sales representative or sales service person is authorized or permitted to [i] interpret or discuss this policy other than to answer general questions or [ii] reinstate delivery to any account that is suspended or terminated according to this policy. Any inquiries regarding this policy should be addressed to the National Sales Manager at our Gormley, Ontario office or if related to the Cobra Brand, the Cobra National Sales Manager at our Montreal, P.Q. office

EXHIBIT 10

JUN-08-1998 20:30 ADAMS GOLF 972 424 0721 P.01/02

2801 East Plano Parkway
Plano, Texas 75074
beebeck@adamsgolf.com
FAX: 972 398-8818
800-622-0609
Tel: 972-673-9000

ADAMS
We make golf clubs.

DATE Apr. 27/06 EXHIBIT NO. 10
EXAM. OF Greg Patt
Kim Morosz
COURT REPORTER CSR(A)
Amicus Reporting Group

From the desk of
Chris Beebe

FAX

To: WDC Mackenzie

RE: The Costco Problem

Date: June 8, 1998 Total Pages - ~~1~~ 2

Dear Ryan, Dave and Greg,

It was good to speak with at least two of you today (Dave was too busy flirting with Pamela!). I did have the chance to speak with Barney and he said that we should do what has to be done to keep our sales strong and our reputation

As other major manufacturers have implemented a price matching policy when faced with Costco's practice of price slashing, Adams Golf feels that we must follow suit. Therefore, Adams Golf will provide credit in the form of no charge products to the customer. The program should be run as follows:

- Your customers must be split into two groups, those that are affected by Costco's pricing and those that are not. This policy only applies to those that are in close enough in proximity to be impacted negatively by Costco's policy. WDC will create these criteria.
- Each retailer in this group should be divided into one of three groups: those selling the product at $329, those selling at $315 and those selling at $300 (change these price categories if prices have fallen since my visit).
- For each sale that the retailer must match the Costco price, a credit of $50, $65 or $79 will be given, depending upon which category the retailer falls under. These credits will be accumulated until they match the wholesale price ($235) of a *Tight Lies* club.
- For each club that WDC Mackenzie provides as credit, Adams Golf will replace at no charge, providing there is suitable paperwork to back up the credit claims.
- To make this easier to handle, WDC should state that the credit clubs will be "X degree *Tight Lies*". This would eliminate the retailers all asking for different clubs, simplifying the process and minimizing possible stocking and shipping problems.
- A retailer must provide a copy of the invoice for each sale that must be discounted to match the Costco price. No invoice copy, no credit.
- For those retailers who WDC feels might abuse the system, you can either A) watch them carefully or B) decide what proportion of their stock will be affected by the Costco pricing and provide the no charge clubs up front. There are benefits to each method.
- WDC Mackenzie will keep all invoice copies and account for all clubs given at no charge. Adams Golf will provide replacement clubs for those given as credit. Once this policy has ended, any "fractional credits" should be given to the retailer in the form of a lower

MCK00076

price on a club. All these fractional credits would then be combined by WDC and Adams will provide no charge clubs to match the total.

- This policy can not be advertised or displayed in any fashion by the retailer, nor can the Costco price be advertised or displayed. The price matching policy should only be brought up if the customer objects to paying the standard store pricing due to Costco's lower pricing.
- This policy will remain in effect until the stock of Costco products is too low to realistically impact the *Tight Lies* selling price. WDC Mackenzie will make this determination.

This was done rather late at night, but should cover the policy as we discussed over the phone. Please call me tomorrow morning to review this and let me know if there are any questions, suggestions or errors made by me.

Best regards,

Chris Beebe

Chris Beebe

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This was done rather late at night, but should cover the policy as we discussed over the phone. Please call me tomorrow morning to review this and let me know if there are any questions, suggestions or errors made by me.

Best regards,

Chris Beebe

Chris Beebe

1. DETERMINE MARKETS & PROXIMITY TO COSTCO IE: WHAT ACCOUNTS ; WHAT CREDIT LEVEL THEY FIT IN.
2. 16° REG. REG/OR STIFF WILL BE STANDARD CREDIT CLUB
3. EXCEPTION BASIS ONLY TO SAVE SALE NOT AS PROMO
4. RE: COMPETITION PROBLEM/PRICING - CREATE NOTICE EFFECTIVE ? TO THE REG. WHOLESALE PRICE TO 265.00 & 275.00
5. RECEIPTS & PAPERWORK FROM EACH SALE MUST ACCOMPANY CREDIT REQUEST.
6. ABUSE OF POLICY - INSTANT INCREASE TO NEW PRICE
7. GG BOOK TO RECORD KEEP EACH INSTANCE TRACK - PROXIMITY TO COSTCO ; HOW THEY USE IT!
8. OTHER THAN A COUPLE KEY ACCOUNTS DON'T NOTIFY OF PROGRAM. WAIT FOR THEM TO CALL & OFFER IF RETAIN PRODUCT PROGRAM NOT WORKING OR IS NECESSARY! KEY IS TO KEEP THIS TO A MINIMUM:

MCK00078

EXHIBIT 19

DATE Apr. 27/06 EXHIBIT NO. 19
EXAM. OF Greg Pratt
Kim Morosse
COURT REPORTER CSR(A)
Amicus Reporting Group

4/28/98 - WDC Mackenzie Greg Pratt, Dave Brown, Ryan Magnussen, Vance Mackenzie,

MARKET

Approximately 1,200 courses with pro shops, and 400 retailers.
- Many courses opened just last week, especially around Calgary.

Duty will be eliminated in one year.

Canadian shows from second week in October to second week in November.

+ July is usually the largest sales month in Canada, so we need to prepare for large late June/early July shipments to WDC.

FORECAST

Forecast was for 15,000 clubs this year, but WDC will hit that number with their next order. New target is 40,000 – 60,000 clubs this year (22% left handed!)

+ - Need to see discrepancy report WDC uses for shipments – use with other distributors?

Ran out of several products while I was there and asked for quicker service if possible. Need to work with them on estimated forecasts in order to try to meet their needs.

Buying display racks from Adams' supplier direct at around $100 – is this the right cost?

KNOCK OFFS

Celebrity, 703 Pleasant Valley Road, Diamond Springs, CA 95619 T-916-622-9387/800-829-4653 F-530-622-5963 Dean "Deano" Ramstad

Called Canada saying that they had something that was "almost an Adams" I will ask them to purchase one for Adams

PROMOTIONAL IDEAS

Airfare for x number of WDC people if certain numbers are reached

For $2800, Ping will fly people to Phoenix, house them and train them in use of fitting center, then give them the fitting center for no charge. Any chance of a similar program in Canada?

The Score Demo Tour is holding 400 Demo Days across Canada, Adams gave 36 clubs to help pay for this.

Discussed the importance of golfers on the various pro teams and their influence through charity events. etc. We began thinking of ways to get the players to start playing our clubs:
- Pick out 1-2 as special players, give them clubs
- They tell others that they have paid for these clubs, sending them to a certain Adams contact person.
- Find out what US does and make sure that the two programs match
- Call Stu Short to make sure that this was how it was done

Very interested in Licensing – Get this together before Las Vegas

Shirt line from North Carolina – Taylor Made and now Lynx might be buying from them. $12-$15/shirt
- Willow Pointe – 150 dozen minimum?

Lorne Rubenstein is one of Canada's best known golf writers (see attached article) and one of Barney's good friends. Can anything be arranged in order to get some more good press for Barney, Adams and WDC? He is based in Toronto.

Faris , president of Softspikes, and Barney are good friends. WDC represents both firms. WDC will have 60 club pros together for a day of golf. This would be a great opportunity for both presidents to speak to a captive audience of influential pros and enjoy some golf with these pros.

PROBLEMS

No demo clubs yet
- Have sold them at 5% above cost to pros, which equals 18% off wholesale
- Industry average is 25-30%

Nevada Bob's ran an ad without clearing it with WDC or Adams – will talk with them about this
- WDC needs to adhere to this also.

Some discrepancies with shipments, working this out with Marc and Nando. Not a major problem.

COSTCO

It has been a very big thorn in their side. 600 woods have made it into Costco stores across Canada (how many stores?) Has created a mixed reaction between the various accounts.

- WDC told the retailers that within 60 days, if any woods were left in the stores, then WDC would buy back any stock the retailers wished to return.

Costco is a very large chain in Canada and has a huge membership. Big impact on many middle end shops

Feeling is that now that most Costco's are out of most *Tight Lies*, so there is no reason to do anything in terms of price support.

However, we need to put a plan in place in case this occurs again, as several other major companies (Callaway, Ping and Taylor Made) have all reacted to similar problems by buying back the Costco stock or helping pros match the Costco pricing. If nothing is put in place, Adams Golf could lose a great deal of pro and retail support.

Suggested policy (all prices in Canadian $):

- Prices of *Tight Lies* run from $349 to $299, with top prices found in private courses which are not affected by Costco. Will concentrate the policy on the $329 level on down (unless prices falls in the mean time).
- Will split customers into three price points - $329, $315 and $300. Also need to split them into those who can be trusted and those who will abuse the system as well as which customers are close enough to a Costco store to be affected.
- While most pros feel that a $50 difference between their prices and retailers such as Nevada Bob's is not too difficult to overcome, they feel that they need a smaller difference to deal with Costco. We decided to set that at $25.
- Pros would get support to offer *Tight Lies* at $275 to compete with Costco's $249. Adams Golf would offer the difference ($54, $40 or $25) to be made up in free product (pro price of $235)
- Those pros that can be trusted would report to WDC how many sales were affected by the Costco pricing each week (those clubs that they had to sell at $275)
- Those that could not be trusted would have an inventory of their stock taken. WDC would then estimate what percentage of their sales could be impacted by the Costco pricing. (The larger the potential match with Costco patrons, the larger the percentage.) They would receive "no cost" equipment up front.
- Weekly reports regarding stock in the various Costco stores would be made, and once the majority of stock is gone, the program would end.

VISITS

Big shows – The travelling shows take place between the second week in Oct. through the second week in Nov. Mid October the best timing, can hit both the Toronto and the Edmonton shows, the largest of the 7 shows.

Next visit suggested for the first week in August – Hit BC area, then participate in meeting with pros (see "Promotions" above).

Calgary Stampede is the first Friday in July and the following ten days

SET UP

WDC now has 6-8 agents selling in the field, as well as the equivalent of 8 full time people on inside sales/ customer service.

- Call all key customers every two weeks
- Learned a great deal from both Adams and Rick Jerret regarding how to run inside sales, infomercial, etc.
- Handling Softspikes and Rick's grips Absolute, as well as corporate logo apparel, bags, key chains, etc.

Ship goods through a broker in Sweetwater, Montana, usually takes 5-7 days to reach Calgary

E-mail to wdcmackg@cadvision.com

VISITS

Country Hills Golf Course – Brian Miller (pro) has supported WDC from the beginning with Adams (3 years ago?) – also a big Ping supporter. 36 hole course, 18 private and 18 semi private. Built on some ridges and lots of ups and downs. Just getting to build the clubhouse now

Was not too bad regarding the Costco problem, suggested several points

- Offset the pricing of Costco with payments to allow them to reach their standard margin. Would not want this on every club, just the ones that are forced to discount due to customer pressure to match Costco.
- Buy out the Costco products to eliminate the problem.
- Co-op ads with pros and WDC to either to notify the customers of the Adams Golf product being sold through pro shops. or to highlight the places that WDC will be holding their own demo days.

Felt that there was no need to match Costco price exactly. Could work with $50 difference between MacGowen or Nevada Bob's but feels that with Costco the pricing differential had to be less, probably $15-$25 dollars. Wants to continue to make his 22%-25% margins.

Liked Ping's way of using various local pros in ads internationally in order to cement relationships as well promote Ping. Good feelings could be had all around with such grass roots marketing.

Calgary Golf & Country Club - Vance's home club, membership very monied and most are quite old. Numerous captains of industry and famous lawyers, doctors, etc. 15 year waiting list. Located in the city and most people do not know that it exists. Will hold demo days here. Saw the #1 senior and super senior player as well as the man who ran Ping's demo days. Ping man left Ping due to low pay ($100/demo day), is interested in working with WDC. Former club pro at Calgary, very involved with women's golf and instruction.

Nevada Bob's - Mike Rockwell -- National Buyer Largest customer for WDC, but held up orders during the Costco problem. Now that Costco has next to no clubs, Nevada Bob's has next to no clubs and Greg, Ryan and I have come to visit, they are willing to reorder in May. Also couriered a check for $20,000 to WDC just after we left. the first time that happened.

Had a discussion regarding the support of Adams and WDC, then discussed our steps to minimize the chance of another parallel shipment. He vented his spleen and discussed options in case this occurred again. We went over various options and stated that Adams Golf would have a plan in place in case it ever was needed. Also stated that we wouldn't match prices as they had to do a bit of selling, and he disagreed on this point.

I brought up the problem of not having his ad reviewed before it was placed, and of the impact that this would have on Adams and WDC. Reminded him of the importance of protecting a trade name and he said that it would not happen again.

Springbank Links at Emerald Bay – Ken Conroy Stopped by on the way to Banff Springs to drop off a few clubs. New course that is just getting a clubhouse (interior racking from a failed Timberline store – very attractive). Good guy, went around to the distributors to pick up various clubs and bags since his boss won't allow him to buy what he wants yet. Already a great looking course.

Banff Springs – Doug Wood 27 hole course in Banff, in midst of rehabilitating the last 9 holes. Attached to the CPR Hotel, site of many rounds of golf by locals as well as thousands of Asian tourists. A very high profile course with a great reputation.

They are adding target greens and bunkers to their driving range, as well as a number of greens for short course practice. Will have Adams and Callaway on the range as main sponsors as well as two other companies. The products of these manufactures will be available for demo and use in short course instruction.

++ Note to all regarding the need to have all ads reviewed before publication.
+ Have Calgary's former pro/demo day man help get us into ladies' hands.
+ Costco estimated membership, # of stores.
+ Los Altimos Golf & parallel shipments to McGowen Golf, Canadian discounters??
+ Top courses/province
+ Send up logo work and all the ads for use up here. Need IBM compatible.
+ See if is possible to add in small letters "In Canada call 1-800-XXXX"

Ryan is president – doesn't like making calls on pros, but enjoys running the company and giving it vision. Good relation with Sherry, able to hold funds for a while due to exchange fluctuations, but does not want to owe money. Good about paying everything at this time. 36 1/11/61

Vance is VP – very marketing oriented, not money oriented. Is great with demo days and spike changing, is a real people person. But needs to be kept out of the business end.

Dave is VP – Friend of Ryan's, worked for him at Sears and then the bank. One of founders of the their firm. Idea man, contact with most of the suppliers, very sure of himself and can come across as cocky, self-assured. Others have a bit of trouble with his self-important attitude. Handles the Softspikes orders and sees himself as in charge of Vance and Greg. 36 7/1/61

Greg is National Sales Manager – Banking background as well as heavy retail buying experience. Orders the Adams products and handles the inside staff and agents. Nice guy, one child 12 who gets all of his attention. Good mind, but quiets when Dave attends meetings.

Joe is Customer Service – Good guy, around 30 – quiet but works well with the others.

Chris is the Receptionist –

Two big guys in back doing the packing and shipping, one friend of Dave's does evenings three times per week. Largest is Dave's brother.

Two ladies and three others do the inside sales and the customer service

7/8/98 – Plano – Dave Brown, Greg Pratt, CB

Reviewed bags and got suggestions – two sets needed for shows.
- Dave suggested looking at Uni-Max. Will send me the name later.
- Copy of diskette needs to be given to WDC.

Visits – August 4 to Vancouver, 5th PM to Calgary, 7th home
- Toronto Show – last week in October – come in early on Monday, set up, then visit retailers – see pros at shows.

Caps – can they do a Canadian hat? Licensed products to help with costs? Perhaps not the right time

Demo prices are $69 for graphite.

Reviewed possible programs for next year and how to handle them.

Costco Problem:
- Two counts in the next 4 weeks to see what is left.
  - Feels sales are down at least 10% due to Costco. Could be more due to the big drop in numbers and the historical sales strength of the June-July-August period.

- No real idea of what will be the demand for "free" clubs
- Nevada Bob's move to Olimar has hurt, and what part of this was caused by Costco?

PAYMENT
Will only need one of the two big shipments here, but not sure when that will be
- Can either break down both or ship one on terms
- Need to look at setting up a payment schedule that meets both company's needs and then apply terms to the shipment of goods (as long as the schedule is kept).
- Ryan will examine the orders and reply on acceptability of schedule tomorrow.

Olimar is putting a great deal into television commercial and magazines ads. $100 more at retail.

1999

- US sales have to be controlled, trans-shipments not allowed
- Costco can't have any product
- Sales programs must be offered by Adams
- Interest in the fairway wood category must continue to be strong
- Any soft launch of a new product will need to include Canada
- Canadian dollar will hold near the 50 cent mark

4.5 million golfers

Would like to see a advertisement schedule for US/Canada

+ Credit for the 36 clubs for the Score Demo Tour

, Faldo and Canadian Open? Can they use him? How?

+ Rubenstien and Barney with Faldo for 18 holes as an award for a sales contest? The National and Nick/Skins Game

8/5/98 - Vancouver - Ryan, Greg, CB

Will give the 18 clubs for the SCORE GVO demo week at N/C. Also will give 100 clubs at $69.

Discussed the bag program and reviewed pictures.

Also looked at caps, umbrellas, towels, clothing.

Staff shirt possibilities and the fax to all about what they have made with Adams name on it this year.

Thinking of spiffs or incentives to move the product this fall.

Would like a half an hour with Barney in Las Vegas

Inventory at around 4,500 clubs at this time.

+ Calls into the call center –
- All Canadian orders get shipped out of Calgary? We can then credit Canada each month for US wholesale.
- Shipment costs will be decided by WDC as well as the timing
- Give Canada a data base as well as tracking the flow of clubs.

Meeting in Las Vegas at 12:00 noon to review next year, dinner that night.

8/22/98 – Las Vegas – Barney, Dave B. Greg P., MP, CB

Review of the year and the troubles that they have faced.

Growth of sales, Golf Channel help, 600 demo days, regional advertising, sponsorship of local tours, splitting the sales force between Soft Spikes and Adams,

+ Faldo advertising copy would be a great help.

EXHIBIT 31

DATE Apr. 27/06 EXHIBIT NO 31
EXAM. OF Greg Pratt
Kim Morasse
COURT REPORTER CSR(A)
Amicus Reporting Group

August 4, 1998

COSTCO COUNTS AS AT July 23, 1998

Ontario :

Barrie – 0
Mississauga – 0
Etobicoke – 0
Brampton – 2 MLH, 7 MRH = 9 units (13°,24°, 28°)
Markham – 2 MLH, 3 MRH = 5 units (13°,19°, 24°, 28°)
Whitby – 1 MLH, 6 MRH = 7 units (13°, 19°, 24°, 28°)

Manitoba :

Winnipeg – 14 (2 original 16°, 12 assorted lofts MRH & MLH)

Alberta :

Calgary
North and South – 35 units, no original 16°
*Assorted lofts both, MRH & MLH

Edmonton
North and South – 29 units, no original 16°
*Assorted lofts, both MRH & MLH

British Columbia :

Nanaimo – 12 units, no original 16°
3 - 28° MRH Reg
6 - 24° MLH Reg
3 - 19° MLH Reg

Total = 111 units (Vancouver Lower Mainland not included)

MCK01096

July 9, 1998

COSTCO CREDITS

Pro Golf – (Calgary) 4 x $50.00 = $200.00

Mount Brenton – (Nanaimo) 1 x $50.00 = $50.00

Nevada Bob's – (Kamloops) 1 x $69.58 (Unit Pricing) = $69.58

Oakridge GC – (Ashburn) 3 x $50.00 = $150.00

Total To-Date = $469.58 (9 Credits)

EXHIBIT 41

factiva

Dow Jones & Reuters

DOWJONES Newswires

Callaway Golf Earnings -3: Sees Improved Margins In '99>ELY
230 words
22 July 1998
17:32
Dow Jones News Service
English
(Copyright (c) 1998, Dow Jones & Company, Inc.)

DATE Apr. 27/06 EXHIBIT NO. 41
EXAM. OF Greg Pratt
Ken Moross
COURT REPORTER CSR(A)
Amicus Reporting Group

Callaway Golf Co. (ELY) attributed weakened results to the Asian economic problems and softening of U.S. demand.

The company also cited declining sales of its metal wood clubs and a loss of some metal wood market share to competitors.

The company expects no "signficant" improvement in sales in the near term. As a result, the company will review its business elements and seek to reduce costs.

Callaway will delay or eliminate all initiatives not essential to its core business.

The company expects the downturn in business and cost reduction initiatives to hurt earnings for the rest of 1998. The company said it might have a loss of 20 cents a share for the second half of 1998, resulting in full-year 1998 earnings of 25 cents a share.

A First Call consensus of 13 analysts predicted 1998 earnings of $1.22 a share.

The company does not expect improvements in revenues from golf club sales in 1999 but expects improved margins in 1999 as a result of cost reductions.

Callaway expects 1998 sales above any ever achieved by a competitor.

Callaway earned $132.7 million, or $1.85 a diluted share, including a $12 million charge, on sales of $842.9 million, in the year ended Dec. 31, 1997.

(MORE) DOW JONES NEWS 07-22-98

06:32 PM

Document dj00000020010916du7m06n7j

EXHIBIT 51

MAY-06-1998 17:42 ADAMS GOLF 972 424 0721 P.01/02 -CYh 51

2801 East Plano Parkway
Plano, Texas 75074
www.adamsgolf.com
FAX: 972-398-8818
800-622-0609
Tel: 972-673-9000

ADAMS
We make golf clubs.

From the desk of
Chris Beebe

FAX

To: All Distributors

RE: Pirated Clubs, Grey Markets and Other Unpleasant Subjects

Date: May 6, 1998 Total Pages - 1

Dear Distributors,

After the positive tone of my last fax to all of you, it is time to mention a few topics that are not as pleasant as the Faldo signing. However, these are part of doing business in the golf industry, and I thought it best to put them all together in one fax.

1) As Adams Golf has had the very good fortune to be selling a club that is in high demand, we understand that there will be those who want to create product similar to ours so that they can ride the momentum that has been created. Companies such as Olimar and Cobra have clubs that employ the same concept, but are readily different from the *Tight Lies*. These we take as complements.

   However, we are also seeing a number of direct copies, or very close reproductions of the *Tight Lies*. Adams Golf is taking action against these firms whenever we discover their products. If any of you happen to come across such products, please fax me with as many details about the club as possible (name, who produces it, where it is being carried, pricing, etc.). If Adams is not already aware of this club, we will ask you to purchase one and send it to Adams Golf via express mail. Adams Golf will of course compensate you for any expenses incurred on our behalf.

2) I have also heard of several cases of trans-shipments (also called parallel importing or gray marketing) occurring in the United States as well as overseas. Adams Golf will not stand for such actions, and companies anywhere in the world that are caught selling our product outside their designated territories will be terminated.

   We are fortunate to be selling a club that many golfers want. However, we must be careful not to sell too many clubs to a single customer at one time, or to sell to known or suspected parallel exporters. Retailers with too many clubs will cut prices or ship to others in order to relive the pressures of excess stock. Either action hurts your future sales or those of a neighboring country. We are all in this together. Through sensible allocation of our product, strict policing of retail pricing and the knowledge that our actions will have an impact on others in the Adams Golf family, we can keep the demand for the *Tight Lies* growing.

MCK00081

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3) Several distributors have told me that they have been approached by Price Club and/or Costco regarding sales of *Tight Lies* directly to their US stores. If these stores, or any other approaches you, I would appreciate receiving as much information on which store called, who the contact person was, price they were offering, etc. We must all do our part to stop parallel imports (transshipments), and I appreciate any assistance that you can provide. If you are considering selling to these stores, please give me a chance to beat their pricing!

As the world becomes smaller, these problems affect each and every one of us. I want all of us to benefit from the popularity of the *Tight Lies*, but the only way that we can do this is by working together.

Best regards,

Chris Beebe

Chris Beebe

EXHIBIT 56

2801 East Plano Parkway
Plano, Texas 75074
www.AdamsGolf.com
FAX: 972-398-8818
800-622-0609
Tel: 972-673-9673

ADAMS

From the desk of
B.H. (Barney) Adams

Memo

To: Paul Brown, Roland Casati, Finis Conner, Mark Mulvoy, Dick Murtland, Steve Patchin, John Simpson

Date: October 13, 1998

Re: 4TH QUARTER

The 3rd quarter numbers came out on the high side, the Q4 forecast is awful. I've spent countless hours with sales and (subsequently) finance, and I agree with them that it's better to have a poor forecast we think we can make (and beat) than to put out better sounding numbers and not make them.

Why is Q4 so weak? Terrible golf market, Costco, and to a lesser degree, competition. (We planned for the competition; Costco and the terrible market were more of a surprise.) I say more of a surprise because about 90 days ago we decided to install an aggressive program in case Q4 turned sour.

A. Our Thank You America, buy two Tight Lies®, get a free stand bag.
B. A completely new marketing plan, new infomercial, TV ads, print ads.
C. One on one visits with major customers to optimize A and B above.

There is another reason for Q4 problems. As I've written earlier, after the road show I immersed myself in the sales department. Suffice to say that Chip Brewer inherited situations of a deep and serious nature. We're still affecting solutions and will be doing so through Q4 '98. This is about facts, and if changes hadn't been made Adams Golf would have suffered irreparable damage.

I've written before about '99. A major part of our forecast is the new driver ($35M). We will have a technically superior product, great looking, great player results and it's a very complex story to tell. We know the issues, we discuss in detail, employ consultants. Notwithstanding anything we try, the fact is our '99 forecast depends on a successful new production introduction in what now is a very down market.

On the other hand, the market is definitely looking for something new and we'll be there. Callaway is at its weakest in the last 5+ years and there is a tremendous opportunity. We feel very good about our future, but we'll never have the luxury of advance orders that meet our forecast.

EXHIBIT
56
Brewer

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BHA:afn

EXHIBIT 57

2801 East Plano Parkway
Plano, Texas 75074
www.AdamsGolf.com
FAX: 972-398-8818
800-622-0609
Tel: 972-673-9673

ADAMS
We make golf clubs.

From the desk of
B.H. (Barney) Adams

Memo

To: Mark Gonsalves, Ric Jarrett

Date: August 14, 1998

RE: SALES, CURRENT CONDITION

I cannot accurately describe the degree of upset that accompanies this memo. My concern is how deep do our problems go and have we been presenting a false image?

I always pointed to the inside sales group as the "bright star" at Adams. The best people, best management, the attitude, the driver, the core to our future.

In a chance undertaking I'm learning how wrong I was. George Klaus (my friend at Platinum) was asking me some questions on telesales parameters. I called Ric Jarrett for information and after receipt I started investigation of our numbers fully expecting to be able to tell George how much better than standard we performed.

What I got instead was a shock. Recognizing that there is generally more to a story I started an in depth evaluation of Inside Sales. What I learned is so upsetting that it has made me physically ill, discouragement equal to any time since the start of Adams Golf. In no particular order:

A. The department staff has very low morale.
B. They have no faith in their management and, in fact, there is serious concern (over 50%) that their management is self serving.
C. They know cheating (at least in the form of double shipments) occurs and are concerned that such action is quietly endorsed.
D. They feel that the income potential for the job was (politely) overstated.
E. It is a unanimous feeling that departmental management is weak, undirected, especially as practiced by Craig Parrish.
F. There is no sense of "we", they aren't part of the decisions, they are told what to do.
G. Given all the worries about low income, the average phone time is 1 hour 20 minutes. I cannot interpret this unless it's a form of low morale and giving up.
H. They feel that if there is superior financial performance the commissions will be cut anyway.

EXHIBIT
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S7
Brewer

ADAMS028451

I. They feel that they are too isolated, put in conflict with other departments. As a result there is a defensive attitude that isn't healthy.

Here's what I know. I've researched this to the point where I know there is enough truth that A – I have become reality. As a result this analysis is the worst performance assessment I've ever written and that includes all my pre-Adams corporate days.

Our short term goals are to make the Q3, Q4 numbers. What is the plan to resurrect this department, return it to what I thought it was and how it was presented in the Road Show. I realize there are decisions we can make (like diverters) but we must rely on these people.

Apparently we've made a lot of sales that have been falsely reported (as sales) and are little more than consignments. Check July returns and tell me what they'll be during the rest of the year.

I'm in agreement with the splitting of the department but only if it contains some deeper use of management tools. Example: I want to see weekly/monthly forecasts by group that the group agrees to as doable. I know we've done similar things before, but the real question is are they management's numbers or sales numbers? If they're sales numbers we should be able to get into detail – clubs/by variation/ by account. What can we get from our people that will make us/them better. How do we effectively solve the 1½ hours on the phone. Mark G. says the new criteria should be 2, Ric said closer to 2½, even 3.

Given an hour off what specifically happens, the other 4½ to 5½ hours/day. It's not service calls which go elsewhere. If it's pre-call planning, how do we help make that time more efficient?

I don't think I need to write any more; the issue is squarely on the table and I'll clarify what is making me sick. Are we living the big lie? Did we present Road Show numbers for '98, '99 that we have no idea we can attain? Is the big lie catching up with us and the reason our people are upset is that they know it?

Given the issue of the next two quarters I'll listen to suggestions; these are mine.

A. Personal visits to the top 50 retail accounts where we get them to support us (and what's coming).
B. Terms. I don't favor a price decrease, I'll accept terms but no consignments.
C. Our millionth club promotion.
    1. Buy one Tight Lies®, get stand bag @ $50.00.
    2. Buy a second Tight Lies and get stand bag free.

BHA:afn

EXHIBIT 64

2801 E. Plano Pkwy.
Plano, Texas 75074
(800) 606-7660
FAX (972) 398-7970

www.adamsgolf.com
e-mail: info@adamsgolf.com

ADAMS

Fax

To:	Sally	From:	Scott
Fax:	253-661-4558	Pages:	6
Phone:		Date:	October 15, 1998
Re:	COSTCO		

Sally,

Good morning!!

I have included you on the COSTCO BUSTER team. Its me, you, Matt, and Jeff.

They got these inventories for me yesterday. The blank stores are on the spreadsheet are yours. We are going to do inventory checks every 2nd Wed. with the next one on Wed. Oct. 28,1998.

They simply called a location - said that they were having a company golf tournament and that they wanted to buy clubs for everyone.

Our product code in Costco is 25926.

Please make this priority number one. I am due to fax Chip information today on the Costco situation and I want to include inventory reports.

Thanks,

Scott

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EXHIBIT
64
Blevins

ADAMS 001524

EXHIBIT 65

Board of Directors
Monthly Status Report
October 1998

Financial Overview

Sales in October slowed significantly as a result of excessive inventory levels held by retailers and the normal seasonal slowdown occasioned by fall weather conditions. Sales were also negatively impacted by the lack of infomercial activity (delayed until October 30) due to continued production and legal delays. As a result, sales were short of our forecast by approximately $1 million. On the positive side, selling and royalty expense was approximately $900 thousand under budget due to the delay in airing the infomercial and other advertising expenditures, as well as a slow start associated with the bag promotion. These factors coupled with a decreased cost of goods sold resulting from the less than expected sales level produced net income of $135,970 compared to a forecasted loss of $36,733. We therefore remain on track for the quarter despite the weak sales. However, we will not be able to sustain this level of income without increased sales in November and December as advertising expense will return to forecasted levels in these months.

New Products

Preliminary robotic and golfer testing of driver prototypes has resulted in extremely positive feedback. Two prototypes have also been forwarded to Nick Faldo for his input. The testing and production schedule is proceeding with plans to have 2,000 units available in time for the January PGA Show and full production beginning in February 1999.

Advertising & Marketing

The Tight Lies free bag promotion began on October 19 with a national advertising campaign including newspapers, magazines and a 30-second commercial. POP displays and materials have been provided to approximately 3,000 selected retailers. The promotion has been planned to run through

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EXHIBIT
65
Blevins

Christmas and will also be supported by the new "all lofts" infomercial which began airing on October 30, 1998.

Legal

Gibby Gilbert, who appeared in the original Tight Lies infomercial, is disputing the details of his royalty agreement and the matter is going to arbitration. While management believes Mr. Gilbert's claims are without merit, worst case scenario should Mr. Gilbert prevail, is estimated at $150,000 plus legal expenses.

Other Matters

To address Costco's continued acquisition of Tight Lies products, 15 – 20 retail accounts have been identified as potential transshipping candidates and clubs destined for these accounts are being marked manually. Laser engraving equipment is scheduled to arrive in December which will enable serialization of all new and existing inventory.

In an effort to reduce the negative effects of Costco's discounting, the Company plans to offer a $25 per club rebate to affected retailers in Costco territories. To receive the rebate, the retailer must order replacement product for at least half of the merchandise that was sold at Costco's discounted prices. If the retailer replaces 100% of the product, the rebate amount will increase to $35 per club. Rebates will apply to replacement orders received between November 15 and December 18 and must ship by December 31, 1998.

Implementation of the PeopleSoft ERP system is planned for January 1, 1999. The system has been installed and is currently undergoing data testing. Seibel's customer management system, originally implemented in the Call Center in May, has recently been implemented and enthusiastically received in the Inside Sales department.

Industry and Competitor News

	Net Sales Q3 1998 vs. Q3 1997
Callaway 82% decrease in earnings On 11/11/98 Callaway announced cost reduction plans including the elimination of approximately 700 jobs (24% of its workforce). The Company also expects a diluted earnings per share loss for 1998 of between $0.25 and $0.40.	32.8% Decrease

Orlimar Retailers continue to report return rates in excess of 35% for Orlimar's TriMetal woods. Orlimar's clubs have now begun to appear in Costco stores at $219, compared to an average retail price of $269.	Not Available
Fortune Brands Titleist and Cobra golf clubs	2% Decrease*
* Cobra's sales reportedly declined between 10% and 15%; Titleist's increased sales offset Cobra's decreases.	
adidas-Salomon Taylor Made	24% Decrease

Charlotte A. Day

From: Scott T. Blevins
Sent: Thursday, November 05, 1998 8:16 AM
To: Sales
Cc: Barney H. Adams; Darl Hatfield; Steve Sanazaro
Subject: COSTCOINV.xls

COSTCOINV.xls

Here are the latest inventory numbers for all domestic locations. It is interesting to note the sell through, or in most cases the lack thereof.

If you have any questions, please call or come by.

Scott Blevins
Manager - Regional Account Coordinators

file

EXHIBIT
68
Blevins
PENGAD 800-631-6989

ADAMS 001588

EXHIBIT 68

Costco Inventory - Domestic

Location	Oct. 14 InventoClubs in transi	Oct. 28 InventoClubs in transit
Arizona		
Glendale	49	49
Mesa	0	0
Phoenix	0	0
Prescott	0	0
Scottsdale	46	37
Sup. Springs	0	0
Tempe	33	30
Thomas Rd.	36	33
Tucson	30	29
Tucson (NW)	0	0
California		
Alhambra	0	0
Antioch	36	29
Azusa	38	31
Almaden	49	38
Bakersfield	38	30
Burbank	57	54
Cal Expo	33	27
Canoga Park	0	0
Carlsbad	46	44
Carmel Mountai	32	29
Chico	0	0
Chino Hills	0	0
Chula Vista	0	0
City of Industry	0	0
Clovis	0	0
Coachella Valley	50	38
Corona	0	0
Danville	13	9
El Centro	0	0
Eureka	0	0
Fairfield	0	0
Foster City	15	9
Fountain Valley	17	10
Fremont	19	20
Fresno	6	5
Fullerton	0	0
Garden Grove	0	0
Hawthorne	29	25
Hayward Bus. C	0	0
Inglewood	0	0
Irvine	36	35
La Mesa	42	41
Laguna Niguel	55	54
Lancaster	0	0
Livermore	35	35
Los Feliz Blvd	34	28
Martinez	58	57
Merced	0	0
Modesto	69	67
Montebello	0	0

Moreno Valley	0		0
Mountain View	33		32
Northridge	40		35
Norwalk	36		31
Novato	59		55
Oxnard	39		39
Rancho Cardova	55		54
Rancho Cucamo	40		39
Rancho Del Ray	0		0
Redding	41		38
Redwood City	0		0
Richmond	0		0
Roseville	20		18
Sacremento	15		15
South Sacremen	0		0
Salinas	40		39
San Bernardino	42		39
San Bruno	0		0
San Diego	63		61
San Diego (SE)	0		0
San Fransisco	0		0
S.F. (South)	0		0
San Jose II	0		0
San Juan Capis	43		42
San Leandro	0		0
San Marcos	0		0
Sand City	41		35
Santa Clara	27		26
Santa Clarita	0		0
Santa Cruz	70		67
Santa Maria	35		26
Santa Rosa	0		44
Santee	40		37
Signal Hill	34		23
Simi Valley	63		57
Stockton	43		38
Sunnyvale	17		13
Torrance	31		27
Temecula	80		79
Tustin	23		20
Vallejo	0		0
Van Nuys	0		0
Victorville	0		0
Vesalia	0		0
Vista	0		0
West Lake Villag	29		28
Yorba Linda	23		21
Colorado			
Aurora	0		0
Denver	0		0
Douglas County	14		12
Westminster	34		34
Connecticut			
Brookfield	23	42	64
Millford	15		55

Waterbury	29		26	
Delaware				
Christiana	0		0	
Florida				
Altamonte Sprin	63		52	
Delray Beach	0		77	
Kendall	0		0	
Lantana	32		65	
Miami	0		42	
Miami Lakes	0		0	
North Miami Bea	0		42	
Orlando South	0		0	
Palm Beach Ga	35		67	
Pampano Beach	43		40	
Davey	49		45	
Georgia				
Gwinnett	38		31	
Perimeter	33		22	42
Town Center	39		25	
Hawaii				
Hawaii Kai	37		29	
Honolulu	39		32	
Kahului Maui	34		30	
Kona	0		0	
Idaho				
Boise	43		40	
Twin Falls	0		0	
Maryland				
Beltsville	56		56	
White Marsh	0		0	
Glen Burnie	31		23	42
Gaithersburg	39		32	
Massachusetts				
Avon	0		0	
Danvers	22		56	
Waltham	33		31	
West Springfield	16	42	53	
Dedham	23		23	
Michigan				
Bloomfield	19		6	
Livonia I	4		6	
Livonia II	0		0	
Madison Heights	0		0	
Roseville	0		0	
Montana				
Billings	0		0	
Bozeman	26		25	
Kalispell	0		0	

Missoula	0		0
Nevada			
Henderson	0		0
Las Vegas	0		0
Reno	54		48
New Hampshire			
Nashua	27		66
New Jersey			
Brick	23	42	52
Clifton	0		0
Edison	12		86
Union	0		0
Hackensack	16	42	50
Wayne	30		28
E. Hanover	42		35
Wharton	29		26
Hazlet	32		65
New York			
Brooklyn	0		0
Comack	59		58
Holbrook	11	84	79
Lawrence	0		0
Melville	42		41
Nanuet	19	42	51
New Rochelle	40		39
Queens	0		0
Hesconsit	20		61
Staten Island	0		1
Westbury	30		66
New Mexico			
Albequerque	57		55
Tigard	0		0
Warrenton	0		0
Oregon			
Aloha	59		59
Bend	67		63
Clackamas	70		67
Eugene	0		0
Medford	52		50
Portland	95		92
Salem	36		34
Tigard	58		56
Warrenton	0		0
Pennsylvania			
King of Prussia	31		25
Lancaster	0		0
Utah			
Midvale	0		0
Salt Lake City	0		0

Vermont				
Colchester	26		25	
Virginia				
Chesterfield	23		57	
Fairfax	58		58	
Hampton	0		39	
Harrisonburg	0		0	42
Monassas	37		33	
Newington	24		62	
Norfolk	0		0	
Pentagon City	2		76	
Sterling	49		41	
West Henrico	13		32	37
Winchester	0		42	
Washington				
Aurora Village	50		51	
Bellingham	30		51	
Clarkston	0		31	
Everett	50		53	
Federal Way	70		65	
Issaquah (HQ)	107		104	
Kennewick	0		0	
Kirkland	79		79	
Lynwood Bus. C	0		0	
Seattle	0		1	
Sequim	0		0	
Silverdale	55		51	
Spokane	32		30	
Spokane (North	37		34	
Tacoma	56		52	
Tukwila (Southc	99		96	
Tumwater	67		65	
Union Gap	0		0	
East Wenachee	0		0	
Totals	4967	294	5693	163

EXHIBIT 70

Debra L. Lopez

From:	Scott T. Blevins
Sent:	Wednesday, November 18, 1998 4:14 PM
To:	Inside Sales
Subject:	COSTCOINV..xls

COSTCOINV..xls

FYI. I haven't quite finished the latest figures, but I thought the sooner, the better.

Thanks,
Scott

PENGAD 800-631-6989
EXHIBIT
70
Blevins

ADAMS 001550

Costco Inventory - Domestic

Location	Oct. 14 Inventory	Clubs in transit	Oct. 28 Inventory	Clubs in transit	Nov. 11 Inventory	Clubs in transit
Arizona						
Glendale	49		49		49	
Mesa	0		0		0	
Phoenix	0		0		0	
Prescott	0		0		0	
Scottsdale	46		37		31	
Sup. Springs	0		0		0	
Tempe	33		30		24	
Thomas Rd.	36		33		29	
Tucson	30		29		23	
Tucson (NW)	0		0		0	
California						
Alhambra	0		0		0	
Antioch	36		29		26	
Azusa	38		31		21	
Almaden	49		38		37	
Bakersfield	30		30		26	
Burbank	57		54		49	
Cal Expo	33		27		21	
Canoga Park	0		0		0	
Carlsbad	46		44		41	
Carmel Mountain	32		29		23	
Chico	0		0		0	
Chino Hills	0		0		0	
Chula Vista	0		0		0	
City of Industry	0		0		0	
Clovis	0		0		0	
Coachella Valley	50		38		33	
Corona	0		0		0	
Danville	13		9		6	
El Centro	0		0		0	
Eureka	0		0		0	
Fairfield	0		0		0	
Foster City	15		9		7	
Fountain Valley	17		10		7	
Fremont	19		20		19	
Fresno	6		5		5	
Fullerton	0		0		0	
Goleta	ni		ni		42	
Garden Grove	0		0		0	
Hawthorne	29		25		21	
Hayward Bus. Center	0		0		0	
Inglewood	0		0		0	
Irvine	36		35		32	
La Mesa	42		41		41	
Laguna Niguel	55		54		53	
Lancaster	0		0		0	
Livermore	35		35		34	
Los Feliz Blvd	34		28		27	
Martinez	58		57		52	
Merced	0		0		0	
Modesto	69		67		66	
Montebello	0		0		0	
Moreno Valley	0		0		0	
Mountain View	33		32		28	
Northridge	40		35		27	
Norwalk	36		31		28	
Novato	59		55		54	
Oxnard	39		39		30	
Rancho Cordova	55		54		52	
Rancho Cucamonga	40		39		37	
Rancho Del Ray	0		0		0	
Redding	41		38		36	
Redwood City	0		0		0	
Richmond	0		0		0	
Roseville	20		18		19	
Sacremento	15		15		14	
South Sacremento	0		0		0	
Salinas	40		39		35	
San Bernardino	42		39		26	
San Bruno	0		0		0	
San Diego	63		61		59	
San Diego (SE)	0		0		0	
San Fransisco	0		0		0	
S.F. (South)	0		0		0	
San Jose II	0		0		0	

San Juan Capistrano	43		42		40
San Leandro	0		0		0
San Marcos	0		0		0
Sand City	41		35		29
Santa Clara	27		26		25
Santa Clarita	0		0		0
Santa Cruz	70		67		65
Santa Maria	35		26		23
Santa Rosa	0		44		36
Santee	40		37		35
Signal Hill	34		23		15
Simi Valley	63		57		54
Stockton	43		38		34
Sunnyvale	17		13		9
Torrance	31		27		26
Temecula	80		79		73
Tustin	23		20		17
Vallejo	0		0		0
Van Nuys	0		0		0
Victorville	0		0		0
Vesalia	0		0		0
Vista	0		0		0
West Lake Village	29		28		26
Yorba Linda	23		21		20
Colorado					
Aurora	0		0		0
Denver	0		0		0
Douglas County	14		12		12
Westminster	34		34		34
Connecticut					
Brookfield	23	42	64		53
Milford	15		55		50
Waterbury	29		26		23
Delaware					
Christiana	0		0		0
Florida					
Altamonte Springs	63		52		42
Delray Beach	0		77		70
Kendall	0		0		0
Lantana	32		65		57
Miami	0		42		0
Miami Lakes	0		0		0
North Miami Beach	0		42		40
Orlando South	0		0		0
Palm Beach Gardens	35		67		51
Pampano Beach	43		40		33
Davey	49		45		37
Georgia					
Gwinnett	38		31		26
Perimeter	33		22	42	12
Town Center	39		25		19
Hawaii					
Hawaii Kai	37		29		18
Honolulu	39		32		27
Kahului Maui	34		30		20
Kona	0		0		0
Idaho					
Boise	43		40		34
Twin Falls	0		0		0
Maryland					
Beltsville	56		56		52
White Marsh	0		0		0
Glen Burnie	31		23	42	58
Gaithersburg	39		32		24
Massachusetts					
Avon	0		0		0
Danvers	22		56		51
Waltham	33		31		31
West Springfield	16	42	53		41
Dedham	23		23		23
Michigan					
Bloomfield	19		6		

Livonia I	4		6		
Livonia II	0		0		
Madison Heights	0		0		
Roseville	0		0		
Montana					
Billings	0		0		0
Bozeman	26		25		23
Kalispell	0		0		0
Missoula	0		0		0
Nevada					
Henderson	0		0		0
Las Vegas	0		0		0
Reno	54		48		48
New Hampshire					
Nashua	27		66		66
New Jersey					
Brick	23	42	52		42
Clifton	0		0		0
Edison	12		86		75
Union	0		0		42
Hackensack	16	42	50		46
Wayne	30		28		21
E. Hanover	42		35		31
Wharton	29		26		25
Hazlet	32		65		56
New York					
Brooklyn	0		0		1
Comack	59		58		53
Holbrook	11	84	79		67
Lawrence	0		0		0
Melville	42		41		33
Nanuet	19	42	51		44
New Rochelle	40		39		39
Queens	0		0		0
Hescomsit	20		61		53
Staten Island	0		1		1
Westbury	30		66		57
New Mexico					
Albequerque	57		55		54
Tigard	0		0		0
Warrenton	0		0		0
Oregon					
Aloha	59		59		56
Bend	67		63		62
Clackamas	70		67		62
Eugene	0		0		0
Medford	52		50		48
Portland	95		92		90
Salem	36		34		31
Tigard	58		56		49
Warrenton	0		0		0
Pennsylvania					
King of Prussia	31		25		20
Lancaster	0		0		0
Utah					
Midvale	0		0		0
Salt Lake City	0		0		0
Vermont					
Colchester	26		25		
Virginia					
Chesterfield	23		57		43
Fairfax	58		58		57
Hampton	0		39		34
Harrisonburg	0		0	42	38
Monassas	37		33		30
Newington	24		62		60
Norfolk	0		0		0
Pentagon City	2		76		63
Sterling	49		41		40
West Henrico	13		32	37	57
Winchester	0		42		39

Washington					
Aurora Village	50		51		47
Bellingham	30		51		28
Clarkston	0		31		0
Everett	50		53		50
Federal Way	70		65		64
Issaquah (HQ)	107		104		100
Kennewick	0		0		0
Kirkland	79		79		77
Lynwood Bus. Center	0		0		0
Seattle	0		1		1
Sequim	0		0		0
Silverdale	55		51		47
Spokane	32		30		30
Spokane (North)	37		34		32
Tacoma	56		52		52
Tukwila (Southcenter)	99		96		93
Tumwater	67		65		63
Union Gap	0		0		0
East Wenachee	0		0		0
Totals	4967	294	5693	163	5203

EXHIBIT 71

Debra L. Lopez

From: Scott T. Blevins
Sent: Thursday, November 05, 1998 12:03 PM
To: Sales
Cc: Steve Sanazaro; Barney H. Adams; Darl Hatfield
Subject: RE: COSTCOINV..xls

Point Taken.
Please note that I said "**in most cases**" in the original e-mail. We realize that there were some clubs shipped that didn't show up in the "in transit" column.
I have Winchester at 0 two weeks ago and 42 clubs now. not 44, but nevertheless another possible scenario for the stores that fall into this category: On the original inventories. any Costco with five clubs or less was marked as 0 inventory. Costco gave the inventories to us this way to save phone time. So a another scenario is that a store like Millford, Conn. that had 15 clubs two weeks ago, received a shipment of 42 pushing the inventory to 57 and sold two clubs in two weeks- now the inventory is at 55. Also note the numbers on the Brookfield store.
I have spoken to numerous Costco employees and found that the response on sell through is "we still have what we had two weeks ago".
Finally. we have heard rumors that the price will go from $149 to $139 shortly We are trying to confirm that this is actually the case in several stores.

In closing, you should know that I am not making a blanket assumption, just going with what I know.
Scott Blevins
Manager - Regional Account Coordinators

-----Original Message-----
From: Ed T. Hunt
Sent: Thursday, November 05, 1998 10:29 AM
To: Scott T. Blevins
Subject: FW: COSTCOINV..xls

Is this a possibility to consider?

-----Original Message-----
From: Ed T. Hunt
Sent: Thursday, November 05 1998 9:07 AM
To: Steve Sanazaro
Subject: RE: COSTCOINV..xls

I would not bank on the idea that they are not selling through, for the following reason:

Look at Winchester VA; they had 0 clubs on 10/14, and 44 on 10/28. Needless to say, they did not have a -44club sellthru quantity. What I am saying is that any given location could have started with. say, 50 clubs, sold 40 of them, gotten a delivery of 35, and had an ending inventory of 45. So it looks like they have only sold 5, but in reality sold many more than that....

Let's not make any hasty decisions based upon what certainly does appear to be weak sell-thru when in reality we cannot say with certainty!

-----Original Message-----
From: Steve Sanazaro
Sent: Thursday, November 05, 1998 8:40 AM
To: Scott T. Blevins; Sales
Cc: Barney H. Adams; Darl Hatfield
Subject: RE: COSTCOINV..xls

EXHIBIT 71 Blevins

PENGAD 800-631-6989

ADAMS 001555

Scott -

You and your team are to be congratulated on the data you've gathered. If I read this correctly. Costco's inventory

Steve

-----Original Message-----
From: Scott T. Blevins
Sent: Thursday, November 05, 1998 8:16 AM
To: Sales
Cc: Barney H. Adams; Dan Hatfield; Steve Sanazaro
Subject: COSTCOINV.xls

<< File: COSTCOINV..xls >>

Here are the latest inventory numbers for all domestic locations. It is interesting to note the sell through, or in most cases the lack thereof.

If you have any questions, please call or come by.

Scott Blevins
Manager - Regional Account Coordinators

ADAMS 001556

Debra L. Lopez

From:	Steve Sanazaro
Sent:	Thursday, November 05, 1998 8:40 AM
To:	Scott T. Blevins; Sales
Cc:	Barney H. Adams; Dari Hatfield
Subject:	RE: COSTCOINV..xls

Scott -

You and your team are to be congratulated on the data you've gathered. If I read this correctly, Costco's inventory increased from 4,967 to 5,693, for a net inventory gain of 726 clubs, with 163 more en route. Thanks for the numbers.

Steve

—Original Message—

From:	Scott T. Blevins
Sent:	Thursday, November 05, 1998 8:16 AM
To:	Sales
Cc:	Barney H. Adams; Dari Hatfield; Steve Sanazaro
Subject:	COSTCOINV.xls

<< File: COSTCOINV. xls >>

Here are the latest inventory numbers for all domestic locations. It is interesting to note the sell through, or in most cases the lack thereof.

If you have any questions, please call or come by.

Scott Blevins
Manager - Regional Account Coordinators

ADAMS 001557

EXHIBIT 72

ADAMS GOLF INC

FORM S-1MEF
(Registration of Additional Securities (up to 20%))

Filed 7/10/1998

Address	2801 EAST PLANO PARKWAY PLANO, Texas 75074
Telephone	972-673-9000
CIK	0001059763
Industry	Recreational Products
Sector	Consumer Cyclical
Fiscal Year	12/31

Δ π EXHIBIT 72
Deponent F. Conner
Date 5/9/06 Rptr. AMH
WWW.DEPOBOOK.COM

FILED PURSUANT TO RULE 424(b)(4)
REG. NOS. 333-51715, 333-58917

PROSPECTUS

6,000,000 SHARES

[LOGO]

COMMON STOCK

Of the 6,000,000 shares of common stock, par value $.001 per share (the "Common Stock"), being offered hereby 4,000,000 shares are being offered by Adams Golf, Inc. (the "Company") and 2,000,000 shares are being offered by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders."

Prior to the offering made hereby (the "Offering"), there has been no public market for the Common Stock of the Company. See "Underwriting" for a discussion of the factors to be considered in determining the initial public offering price of the Common Stock. The Common Stock has been approved for listing on the Nasdaq National Market under the symbol "ADGO."

THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 6

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING STOCKHOLDERS
Share	$16.00	$1.12	$14.88	$14.88
(3)	$96 000 000	$6,720,000	$59,520,000	$29,760,000

(1) The Company and the Selling Stockholders have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting estimated expenses of the Offering payable by the Company of $1,250,000.

(3) The Company and certain of the Selling Stockholders have granted the Underwriters a 30-day option to purchase up to an aggregate of 900,000 additional shares of Common Stock on the same terms and conditions as set forth above, solely to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company and Proceeds to Selling Stockholders will be $110,400,000, $7,728,000, $60,078,000 and $42,594,000, respectively. See "Underwriting."

The shares of Common Stock offered by this Prospectus are offered severally by the Underwriters, subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters and to certain further conditions. It is expected that delivery of the certificates for the shares of Common Stock will be made at the offices of Lehman Brothers Inc., New York, New York, on or about July 15, 1998.

LEHMAN BROTHERS

NATIONSBANC MONTGOMERY SECURITIES LLC

FERRIS, BAKER WATTS

INCORPORATED

July 9, 1998

[ON THIS PAGE APPEAR SEVERAL PHOTOGRAPHS OF THE COMPANY'S PRODUCTS AND CERTAIN PERSONS AFFILIATED WITH THE COMPANY INCLUDING B. H. (BARNEY) ADAMS, NICK FALDO AND HANK HANEY. CERTAIN OF THE PHOTOGRAPHS CONTAIN CAPTIONS INDICATING THE CONTENTS THEREOF.]

The Company intends to furnish to its stockholders annual reports containing audited consolidated financial statements and quarterly reports containing unaudited consolidated financial information for each of the first three quarters of each fiscal year.

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE COMMON STOCK. SUCH TRANSACTIONS MAY INCLUDE THE PURCHASE OF SHARES OF COMMON STOCK FOLLOWING THE PRICING OF THE OFFERING TO COVER A SYNDICATE SHORT POSITION IN THE COMMON STOCK OR FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE COMMON STOCK AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

The Company has registered the trademarks Adams-Registered Trademark- (with triangle design), Tight Lies-Registered Trademark- and Assault-Registered Trademark-, and currently has pending trademark applications for registration of a configuration of the heel portion of a golf club head, and an overall configuration of a golf club head. This Prospectus also includes trademarks of companies other than the Company

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY INFORMATION IS QUALIFIED IN ITS ENTIRETY BY AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION AND THE COMPANY'S

OLIDATED FINANCIAL STATEMENTS (INCLUDING THE NOTES THERETO) APPEARING ELSEWHERE IN THIS r...SPECTUS. UNLESS OTHERWISE INDICATED, ALL SHARE AMOUNTS, PER SHARE AMOUNTS AND OTHER INFORMATION IN THIS PROSPECTUS HAVE BEEN ADJUSTED TO GIVE RETROACTIVE EFFECT TO A 2-FOR-1 STOCK SPLIT OF THE COMMON STOCK AND ASSUME

NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION. REFERENCES IN THIS PROSPECTUS TO THE "COMPANY" OR "ADAMS" ARE, UNLESS THE CONTEXT OTHERWISE REQUIRES, TO ADAMS GOLF, INC., A DELAWARE CORPORATION, AND ITS SUBSIDIARIES

THE COMPANY

Adams designs, manufactures and markets premium quality, technologically innovative golf clubs. The Company's design objective is to produce golf clubs that deliver meaningful performance benefits and inspire player confidence. The Company believes that its most successful product line to date, the Tight Lies fairway woods, meets this objective by providing golfers with the ability to hit the ball from virtually any lie while maximizing distance. The patented Tight Lies fairway woods feature an upright trapezoidal head, a shallow face and a lower center of gravity as compared to conventional fairway woods. The complete Tight Lies line of products includes the original, Strong 3, Strong 5, Strong 7 and Strong 9 fairway woods. According to the Golf Market Research Institute, the Tight Lies fairway woods were the top-selling single fairway woods in the U.S. on a unit volume basis during the three months ended March 31, 1998. During this period, the Company achieved a 27% market share of the single fairway woods category.

Adams has developed a marketing model that integrates direct response and traditional image-based advertising to generate brand awareness and drive retail sales. The Company's advertising includes a 30-minute informative television commercial ("infomercial") and print advertising in publications such as GOLF DIGEST, USA TODAY and THE WALL STREET JOURNAL. For the three months ended March 31, 1998, approximately 79% of the Company's sales occurred at the retail level. To preserve the integrity of its image and reputation, the Company currently limits its distribution to retailers that market premium quality golf equipment and provide a high level of customer service and technical expertise. The Company currently sells its products to on- and off-course golf shops and selected sporting goods retailers. The Co..nany believes its selective retail distribution helps its retailers to maintain profitable margins and maximize sales of Adams' products.

... er important element of the Company's success to date has been its sales and customer service infrastructure. Rather than relying on independent sales representatives, as do many other golf equipment companies, Adams maintains an inside sales department that currently consists of 25 employees who are in regular telephone contact with the Company's over 7,000 retailers. These sales representatives are supported by 13 field-based Regional Account Coordinators who maintain personal contact with the Company's retailers nationwide. The Company believes that using and carefully managing its own sales force enables it to significantly reduce selling expenses. Adams also has a separate 30-seat customer call center that provides customer service to retailers and consumers. The majority of the Company's sales and customer service personnel are experienced golfers. The Company believes interaction with its knowledgeable representatives promotes customer satisfaction and helps to strengthen the Adams brand

In 1997, wholesale sales of golf equipment in the U.S. reached an estimated $2.4 billion. Wholesale sales of golf clubs increased at an estimated compound annual growth rate of approximately 13% over the 5-year period from 1992 to 1997. The Company believes that a number of trends are likely to further increase the demand for Adams' products. These trends include: (i) significant growth in the number of golf courses; (ii) increasing interest in golf from women, junior and minority golfers; (iii) the large numbers of golfers entering their 40s and 50s, the age when most golfers begin to play more often and increase their spending on the sport; (iv) the correspondingly large population of "Echo Boomers," who are beginning to

enter their 20s, the age when golfers generally take up the sport; and (v) the rapid evolution of golf club designs and materials.

The Company recently established a relationship with internationally recognized, professional golfer Nicholas A. Faldo, who currently uses the Tight Lies fairway woods. Mr. Faldo was inducted into the World Golf Hall of Fame in May 1998 and has won more major championships in the 1990s than any other golfer. Pursuant to the terms of the agreement, Mr. Faldo has agreed to, among other things, (i) exclusively endorse the Company's golf clubs and undertake certain other promotional activities on behalf of the Company and (ii) assist in the design and field testing of a new line of golf clubs. In exchange for his services, Mr. Faldo was granted 900,000 shares of Common Stock and is entitled to receive certain minimum royalties. Absent an early termination event, the agreement with Mr. Faldo continues throughout his lifetime. The Company believes that Mr. Faldo's comprehensive knowledge of the game of golf and reputation for technical excellence complement the Company's capabilities and strong brand identity. See "Certain Transactions."

The Company intends to develop proprietary new technologies and product designs that provide golfers with meaningful performance benefits. Capitalizing on the technical knowledge and expertise gained through the Tight Lies fairway woods, the Company is currently testing prototypes of a potential new driver. This new product is expected to combine the distance of a driver with the playability of a fairway wood. The Company currently expects the new driver to be introduced after the end of fiscal year 1998. The Company is working with Mr. Faldo to design and test this new driver as well as other potential new products.

The Company's goal is to establish itself as a leading developer of technologically innovative, performance-oriented golf clubs. To achieve this goal the Company intends to (i) build its share of the premium fairway woods market; (ii) leverage the success, performance and reputation of the Tight Lies fairway woods; (iii) expand international sales; and (iv) develop new technologies and product designs.

The address of the Company's principal executive office is 300 Delaware Avenue, Suite 548, Wilmington, Delaware 19801. The Company's telephone number at this address is (302) 427-5892. Adams' principal manufacturing and management headquarters are located at 2801 East Plano Parkway, Plano, Texas 75074 and its telephone number at this location is (972) 673-9000. The Company's World Wide Web site is located at www.adamsgolf.com. The contents of the Company's Web site shall not be deemed to be part of this Prospectus.

THE OFFERING

Common Stock offered by:	
The Company	4,000,000 shares
The Selling Stockholders	2,000,000 shares
Total Common Stock Offered	6,000,000 shares
Common Stock to be outstanding after the Offering(1)	23,099,282 shares
Use of net proceeds to the Company	Working capital and general corporate purposes
Nasdaq National Market Symbol	ADGO

(1) Excludes 423,666 shares of Common Stock issuable upon the exercise of outstanding stock options at May 31, 1998.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table sets forth summary consolidated financial data of the Company and should be read in conjunction with the Consolidated ~ial Statements and related Notes thereto included elsewhere in this Prospectus.

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
CONSOLIDATED STATEMENTS OF OPERATIONS DATA(1):					
Net sales	$ 1,125	$ 3,522	$ 36,690	$ 1,475	$ 24,511
Gross profit	369	1,932	26,699	888	18,649
Operating expenses (excluding stock compensation and bonus award)	613	1,709	15,826	823	9,777
Stock compensation and bonus award(2)	--	214	14,842	--	--
Operating income (loss)	(244)	9	(3,969)	65	8,872
Net income (loss)	$ (243)	$ 13	$ (4,654)	$ 45	$ 5,642
Income (loss) per common share(3):					
Basic	$ (0.05)	$ --	$ (0.37)	$ --	$ 0.32
Diluted	$ (0.05)	$ --	$ (0.37)	$ --	$ 0.31
Weighted average common shares(3):					
Basic	4,423	11,238	12,519	11,873	17,662
Diluted	4,423	11,238	12,519	11,873	18,340

	AT MARCH 31, 1998	
	ACTUAL	AS ADJUSTED(4)
CONSOLIDATED BALANCE SHEET DATA:		
Cash and cash equivalents	$ 602	$ 58,872
Working capital	12,299	70,569
Total assets	25,793	84,063
Total debt (including current maturities)	1,135	1,135
Stockholders' equity	14,667	72,937

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(1) This table excludes summary financial information for the fiscal years ended December 31, 1993 and 1994 because operations in those years were not comparable in size or scope to current operations.

(2) Consists primarily of a stock award to the Company's founder, Chief Executive Officer and President. See "Certain Transactions" and Note 9 of Notes to Consolidated Financial Statements.

(3) See Note 1 of Notes to Consolidated Financial Statements for information concerning the calculation of income (loss) per common share and weighted average common shares outstanding.

(4) Gives effect to the sale of 4,000,000 shares of Common Stock offered by the Company hereby and the application of the estimated net proceeds therefrom (based on an initial public offering price of $16 00 per share). See "Use of Proceeds" and "Capitalization."

RISK FACTORS

AN INVESTMENT IN THE COMMON STOCK OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE PURCHASERS OF COMMON STOCK OFFERED HEREBY SHOULD CONSIDER CAREFULLY THE FOLLOWING FACTORS IN 'TION TO OTHER INFORMATION IN THIS PROSPECTUS. THIS PROSPECTUS CONTAINS FORWARD-LOOKING :EMENTS WHICH INVOLVE RISKS AND UNCERTAINTIES. THE COMPANY'S ACTUAL RESULTS AND THE TIMING OF C... TAIN EVENTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED BY SUCH FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS DISCUSSED IN THIS PROSPECTUS, INCLUDING THE FACTORS SET FORTH BELOW AND IN "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND "BUSINESS." SEE "DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS."

DEPENDENCE ON NEW PRODUCT INTRODUCTIONS; UNCERTAIN CONSUMER ACCEPTANCE

During the years ended December 31, 1996 and 1997 and the three months ended March 31, 1998, approximately 47.2%, 94.3% and 97.3%, respectively, of the Company's net sales were derived from the sale of Tight Lies fairway woods. Sales of this product line are expected to account for a substantial portion of the Company's net sales for some time. A decline in demand for, or average selling prices of, the Tight Lies line of products would have a material adverse effect on the Company's business, operating results and financial condition. Accordingly, the Company's continued growth and success depend, in large part, on its ability to successfully develop and introduce new products accepted in the marketplace. Historically, a large portion of new golf club technologies and product designs have been met with consumer rejection. No assurance can be given that the new driver currently under development will meet with market acceptance or that the Company will be able to continue to design, manufacture and introduce new products that will meet with market acceptance. Failure by the Company to identify and develop innovative new products that achieve widespread market acceptance would adversely affect the Company's future growth and profitability. Additionally, successful technologies, designs and product concepts are likely to be copied by competitors. Accordingly, the Company's operating results could fluctuate as a result of the amount, timing and market acceptance of new product introductions by the Company or its competitors. The design of new golf clubs is also greatly influenced by the rules and interpretations of the U.S. Golf Association ("USGA"). Although the golf equipment standards established by the USGA generally apply only to competitive events sanctioned by that organization, the Company believes that it is critical for its future success that new clubs introduced by the Company comply with USGA standards. In an effort to anticipate emerging technology while maintaining the fundamental challenge of the game of golf, the USGA has recently announced that it will create a new standard for golf equipment by the year 2000. While this new standard would be set at a level that makes all currently approved clubs legal under the Rules of Golf, the testing methods being used to establish the standard are uncertain, therefore, it may take considerable time to define and promote the standard, which could delay research and development and the subsequent introduction of new products by the Company. No assurance can be given that any new products will receive USGA approval or that existing ...A standards will not be altered in ways that adversely affect the sales of the Company's products. See "--Historical Dependence on ...sion Advertising."

LIMITED HISTORY OF PROFITABILITY

The Company has a limited history of profitability. Although the Company generated net income during the year ended December 31, 1996 and the three months ended March 31, 1998, it has historically experienced net losses from operations. There can be no assurance that the Company will be able to sustain profitability on a quarterly or annual basis in the future. The Company's prospects must be considered in light of the significant risks, challenges and difficulties frequently encountered by companies experiencing rapid growth. To address these risks, the Company must, among other things, successfully increase the scope of its operations, respond to competitive and technological developments, continue to attract, retain and motivate qualified personnel and continue to develop and obtain market acceptance of its products. There can be no assurance that the Company will be successful in addressing these risks and challenges. See "--Dependence on New Product Introductions; Uncertain Consumer Acceptance."

"--Ability to Manage Growth." "--Highly Competitive Industry," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PATENTS AND PROTECTION OF PROPRIETARY TECHNOLOGY

ompany's ability to compete effectively in the golf club market will depend, in large part, on its ability to maintain the proprietary nature of its technologies and products. The Company currently holds six U.S. patents relating to certain of its products and proprietary technologies and has two patent applications pending. Assuming timely payment of maintenance fees, if any, the Company expects that the six currently issued patents will expire on various dates between 2009 and 2013. There can be no assurance, however, as to the degree of protection afforded by these patents or as to the likelihood that patents will be issued from the pending patent applications. Moreover, these patents may have limited commercial value or may lack sufficient breadth to adequately protect the aspects of the Company's products to which the patents relate. The Company does not hold any foreign patents and no foreign patent applications are pending. The U.S. patents held by the Company do not preclude competitors from developing or marketing products similar to the Company's products in international markets.

There can be no assurance that competitors, many of which have substantially greater resources than the Company and have made substantial investments in competing products, will not apply for and obtain patents that will prevent, limit or interfere with the Company's ability to make and sell its products. The Company is aware of numerous patents held by third parties that relate to products competitive to the Company's, including products competitive with the Tight Lies fairway woods. There is no assurance that these patents would not be used as a basis to challenge the validity of one or more of the Company's patent rights, to limit the scope of the Company's patent rights or to limit the Company's ability to obtain additional or broader patent rights. A successful challenge to the validity of the Company's patents may adversely affect the Company's competitive position. Moreover, there can be no assurance that such patent holders or other third parties will not claim infringement by the Company with respect to current and future products. Because U.S. patent applications are held and examined in secrecy, it is also possible that presently pending U.S. applications will eventually issue with claims that will be infringed by the Company's products or technologies. The defense and prosecution of patent suits is costly and time-consuming, even if the outcome is favorable. This is particularly true in foreign countries where the expenses associated with such proceedings can be prohibitive. An adverse outcome in the defense of a patent suit could subject the Company to significant liabilities to third parties, require the Company to cease selling products or require disputed rights to be licensed from third parties. Such licenses may not be available on satisfactory terms, or at all. The Company also relies on unpatented proprietary technology. Third parties could develop the same or similar technology or otherwise obtain access to the Company's proprietary technology.

Despite the Company's efforts to protect its patent and other intellectual property rights, unauthorized parties have attempted and are expected to continue to attempt to copy all, or certain aspects of, the Company's products. Policing unauthorized use of the Company's intellectual ty rights can be difficult and expensive, and while the Company takes appropriate action whenever it discovers any of its products or s have been copied, knock-offs and counterfeit products are a persistent problem in the performance-oriented golf club industry. There can be no assurance that the Company's means of protecting its patent and other intellectual property rights will be adequate. See "Business--Patents."

ABILITY TO MANAGE GROWTH

The Company has recently experienced a period of rapid growth that has resulted in new and increased responsibilities for existing management personnel. Further, the Company has recently employed a number of additional senior management personnel and, accordingly, numerous members of the management team have worked together for only a short time. The Company's growth has placed, and is expected to continue to place, a significant strain on the Company's management and operating and financial systems. To accommodate this recent growth and to compete effectively and manage future

growth, if any, the Company will be required to continue to implement and improve its operational, financial and management information systems, procedures and controls on a timely basis and to expand, train, motivate and manage its workforce. The Company's growth has required increasing amounts of working capital that, to date, have been funded from current operations and available borrowing sources. There can be no assurance that the Company's personnel, systems, procedures, controls and working capital will be adequate to support its existing or ... operations. Any failure to implement and improve the Company's operational, financial and management systems, to expand, train, ...ite or manage employees or to maintain adequate working capital could have a material adverse effect on the Company's business, ...ating results or financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources," "Business--Information Systems" and "Management."

DEPENDENCE ON KEY PERSONNEL AND ENDORSEMENTS

The Company's success depends to a significant extent upon the performance of its senior management team, particularly the Company's founder, Chief Executive Officer and President, B. H. (Barney) Adams. In addition to his direction and supervision of the day-to-day affairs of the Company, Mr. Adams spearheads the Company's product development efforts. The loss or unavailability of Mr. Adams would adversely affect the Company's business and prospects. None of the Company's officers or employees, including Mr. Adams, is bound by an employment agreement and the relationships of such officers and employees are, therefore, at will. The Company has a $2.0 million key man life insurance policy on the life of Mr. Adams; however, there can be no assurance that the proceeds of such policy could adequately compensate the Company for the loss of his services. In addition, there is strong competition for qualified personnel in the golf club industry, and the inability to continue to attract, retain and motivate other key personnel could adversely affect the Company's business, operating results or financial condition.

The Company has recently entered into an agreement with Nick Faldo, an internationally recognized professional golfer and winner of numerous U.S. and international championships. The agreement provides that Mr. Faldo will provide a variety of services to the Company including endorse certain of the Company's products. This agreement requires the Company to make certain significant payments to Mr. Faldo, whether or not his endorsement results in increased sales of the Company's products. Specifically, Mr. Faldo is entitled to receive a royalty of 5% of the net sales price of all Adams golf clubs (other than certain specialty items for which the royalty equals 10% of the net sales price) sold outside the U.S. throughout the term of the agreement. The agreement provides for a minimum royalty of $1.5 million in 1999 escalating to $4.0 million for the years 2004 through 2008. From 2009 through 2014, the minimum royalty is $1.5 million, as adjusted for changes in the consumer price index. After 2014, the agreement does not provide for a minimum royalty. Commencing with 2009, however, the agreement provides for a maximum royalty of $4.0 million, as adjusted for changes in the consumer price index. Absent an early termination event, the agreement with Mr. Faldo continues throughout his lifetime. The Company believes that the future success of its marketing strategy may be affected by the continued professional success of Mr. Faldo. The inability of the Company to maintain its relationship with Mr. Faldo or the ...ty of Mr. Faldo to maintain an acceptable level of professional success, could have a material adverse effect on the Company's business, ...ng results or financial condition. See "Business--Business Strengths," "-- Growth Strategy," "--Marketing" and "Certain Transactions."

HIGHLY COMPETITIVE INDUSTRY

The market for golf clubs is highly competitive. The Company's competitors include a number of established companies, many of which have greater financial and other resources than the Company. The purchasing decisions of many golfers are often the result of highly subjective preferences, which can be influenced by many factors, including, among others, advertising, media, promotions and product endorsements. The Company could therefore face substantial competition from existing or new competitors that introduce and successfully promote golf clubs that achieve market acceptance. Such competition could

result in significant price erosion or increased promotional expenditures, either of which could have a material adverse effect on the Company's business, operating results and financial condition. There can be no assurance that Adams will be able to compete successfully against current and future sources of competition or that its business, operating results or financial condition will not be adversely affected by increased competition in the markets in which it operates. See "Business--Competition."

ƆRICAL DEPENDENCE ON TELEVISION ADVERTISING

In April 1997 the Company debuted a 30-minute infomercial concerning the original Tight Lies fairway wood, and, immediately thereafter, sales of this product grew significantly. Although, consistent with the Company's marketing model, the Company has subsequently increased its use of traditional image-based advertising, sales of the Company's products at both the retail and direct response levels have been, and may continue to be, highly dependent on the success of the Company's infomercial. The Company believes that its current television advertising strategy, like other advertising campaigns, will reach a point of diminishing return and will therefore need to be replaced or abandoned. No assurance can be given that an alternative infomercial or other equally effective advertising strategy can be timely developed or that, if developed, such infomercial or alternative strategy will achieve the same level of success as that previously enjoyed by the Company's original infomercial. Further, certain companies have attempted to emulate the Company's marketing strategy. To the extent the Company believes that these additional infomercials may have the effect of diluting the Company's message, the Company may be forced to adopt a new marketing strategy. A decline in effectiveness of the Company's marketing strategy could have a material adverse effect on the Company's business, operating results or financial condition

SOURCES OF SUPPLY

The Company relies on a limited number of suppliers for a significant portion of the component parts used in the manufacture of its golf clubs, including the manufacture of its Tight Lies line of fairway woods. The Company could in the future experience shortages of components or periods of increased price pressures, which could have a material adverse effect on the Company's business, operating results or financial condition In addition, failure to obtain adequate supplies or fulfill customer orders on a timely basis could have a material adverse effect on the Company's business, operating results or financial condition. See "Business--Manufacturing and Assembly."

UNSPECIFIED USE OF PROCEEDS

Although the Company intends to use the net proceeds of this Offering for working capital and general corporate purposes, including capital expenditures, expansion of the Company's product development efforts, additional advertising and expansion of the Company's international s efforts, the Company currently has no definite plan for the use of the net proceeds In addition, the Company may use all or a portion of proceeds derived from the Offering for possible acquisitions. Accordingly, management will have broad discretion with respect to the e. .liture of such proceeds. Purchasers of shares of Common Stock in the Offering will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific purposes to which the funds will ultimately be applied See "--Risks Associated with Acquisitions" and "Use of Proceeds."

RISKS ASSOCIATED WITH ACQUISITIONS

While the Company has no current agreements or negotiations underway with respect to any acquisition, the Company may make acquisitions of complementary services, technologies, product designs or businesses in the future. There can be no assurance that any future acquisition will be completed or that, if completed, any such acquisition will be effectively assimilated into the Company's business. Acquisitions involve numerous risks, including, among others, loss of key personnel of the acquired company, the difficulty associated with assimilating the personnel and operations of the acquired company, the potential disruption of the Company's ongoing business, the maintenance of uniform standards, controls, procedures

and policies, and the impairment of the Company's reputation and relationships with employees and customers. In addition, any future acquisitions could result in the issuance of dilutive equity securities, the incurrence of debt or contingent liabilities, and amortization expenses related to goodwill and other intangible assets, any of which could have a material adverse effect on the Company's business, operating results or financial condition.

ONALITY AND QUARTERLY FLUCTUATIONS; DISCRETIONARY CONSUMER SPENDING

Golf generally is regarded as a warm weather sport and sales of golf equipment historically have been strongest during the second and third quarters, with the weakest sales occurring during the fourth quarter. In addition, sales of golf clubs are dependent on discretionary consumer spending, which may be affected by general economic conditions A decrease in consumer spending generally could result in decreased spending on golf equipment, which could have a material adverse effect on the Company's business, operating results and financial condition In addition, the Company's future results of operations could be affected by a number of other factors, such as unseasonal weather patterns; demand for and market acceptance of the Company's existing and future products; new product introductions by the Company's competitors; competitive pressures resulting in lower than expected average selling prices; and the volume of orders that are received and that can be fulfilled in a quarter. Any one or more of these factors could result in the Company failing to achieve its expectations as to future sales or net income.

Because most operating expenses are relatively fixed in the short term, the Company may be unable to adjust spending sufficiently in a timely manner to compensate for any unexpected sales shortfall, which could materially adversely affect quarterly results of operations If technological advances by competitors or other competitive factors require the Company to invest significantly greater resources than anticipated in research and development or sales and marketing efforts, the Company's business, operating results or financial condition could be materially adversely affected. Accordingly, the Company believes that period- to-period comparisons of its results of operations should not be relied upon as an indication of future performance. In addition, the results of any quarter are not indicative of results to be expected for a full fiscal year. As a result of fluctuating operating results or other factors discussed above and below, in certain future quarters the Company's results of operations may be below the expectations of public market analysts or investors. In such event, the market price of the Company's Common Stock would be materially adversely affected. See "--Absence of Public Market for Common Stock and Volatility" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

CERTAIN RISKS OF CONDUCTING BUSINESS ABROAD

The Company imports a significant portion of its component parts, including heads, shafts, headcovers and grips, from companies in Taiwan, China and Mexico. In addition, the Company is rapidly increasing its international sales efforts. The Company's international business is ly centered in Canada, Japan and the United Kingdom The Company intends to focus its international expansion efforts in Japan and ited Kingdom and, to a lesser extent, in South Africa and Australia The Company's business is subject to the risks generally associated with doing business abroad, such as foreign government regulations, foreign consumer preferences, import and export control, political unrest, disruptions or delays in shipments and changes in economic conditions and exchange rates in countries in which the Company purchases components or sells its products.

CONTROL BY PRINCIPAL STOCKHOLDERS

Following the closing of the Offering, the Company's existing stockholders, certain of whom are directors, officers or employees of the Company, will own approximately 74 0% of the outstanding Common Stock without giving effect to any purchases of Common Stock in the Offering by such persons. As a result, the existing stockholders will be in a position to exercise control of matters submitted to the Company's stockholders, including the election of directors. In addition, the Company's founder, Chief Executive Officer and President, B.H. (Barney) Adams, and Royal Holding Company, Inc. ("Royal"), the

Company's largest single stockholder, will own approximately 15.4% and 30.1%, respectively of the outstanding Common Stock immediately following the Offering and through their respective stock ownership and positions or representations on the Board of Directors may be able to exercise a controlling influence over the Company See "Management," "Certain Transactions" and "Principal and Selling Stockholders."

RES ELIGIBLE FOR FUTURE SALE; ISSUANCE OF ADDITIONAL SHARES

Future sales of shares of Common Stock by the Company and its stockholders could adversely affect the prevailing market price of the Common Stock. The Company's directors, officers and certain stockholders, including the Selling Stockholders, holding an aggregate of 18,025,835 shares of Common Stock as of the date of this Prospectus have agreed not to sell, offer, contract to sell, grant any option or right for the sale of or otherwise dispose of any Common Stock or any securities convertible, exercisable or exchangeable into shares of Common Stock, nor any options or right to acquire any shares of Common Stock, including any sale pursuant to Rule 144 or Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), for a period of 180 days after the date of this Prospectus without the prior written consent of Lehman Brothers Inc. (the "Lock-up Agreement"). After such time, based upon stock ownership at the date of this Prospectus, approximately 16,199,282 shares of Common Stock will be eligible for sale pursuant to Rule 144 promulgated under the Securities Act.

In addition, the Company has granted registration rights that will be effective after the Offering to stockholders holding as of the date of this Prospectus an aggregate of 17,797,087 shares of Common Stock These stockholders have the right, subject to certain conditions, to demand that their stock be registered under the Securities Act on any three occasions commencing generally one year after the date of this Prospectus. The stockholders also have certain additional piggyback registration rights, and subject to certain conditions, may participate in future registrations by the Company of shares of Common Stock under the Securities Act.

Pursuant to its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), the Company has the authority to issue additional shares of Common Stock. The issuance of such shares could result in the dilution of the voting power of Common Stock purchased in the Offering. Sales of substantial amounts of Common Stock in the public market, or the perception that such sales may occur, could have a material adverse effect on the market price of the Common Stock. See "Shares Eligible for Future Sale," "Underwriting" and "Description of Capital Stock."

ANTI-TAKEOVER PROVISIONS

The Company's Certificate of Incorporation and Amended and Restated Bylaws (the "Bylaws") contain, among other things, provisions establishing a classified Board of Directors, authorizing shares of preferred stock with respect to which the Board of Directors of the Company h... the power to fix the rights, preferences, privileges and restrictions without any further vote or action by the stockholders, requiring that all ...older action be taken at a stockholders' meeting and establishing certain advance notice requirements in order for stockholder proposals ... ector nominations to be considered at such meetings In addition, the Company is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law (the "DGCL") In general, this statute prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Such provisions could delay, deter or prevent a merger, consolidation, tender offer, or other business combination or change of control involving the Company that some or a majority of the Company's stockholders might consider to be in its best interest, including offers or attempted takeovers that might otherwise result in such stockholders receiving a premium over the market price for the Common Stock. The potential issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of the Company, may discourage bids for the Common Stock at a premium over the market price of the Common

Stock and may adversely affect the market price of and the voting and other rights of the holders of the Common Stock. The Company has not issued, and currently has no plans to issue, shares of preferred stock. See "Description of Capital Stock--Preferred Stock" and "--Delaware Law and Certain Charter and Bylaw Provisions."

"NCE OF PUBLIC MARKET FOR COMMON STOCK AND VOLATILITY

Prior to the Offering there has been no public market for the Common Stock, and there can be no assurance that an active trading market will develop or be sustained after the Offering. The initial public offering price of the Common Stock offered hereby will be determined through negotiations among the Company, the Selling Stockholders and the Underwriters, and may not be indicative of the market price for the Common Stock after the Offering. The market price for shares of the Common Stock may be volatile depending on a number of factors, including business performance, industry dynamics, news announcements or changes in general market conditions. See "Underwriting."

DILUTION

The initial public offering price is substantially higher than the book value per share of Common Stock. Investors purchasing shares of Common Stock in the Offering will therefore incur immediate and substantial dilution in net tangible book value per share of $12.71. To the extent outstanding options to purchase the Company's Common Stock are exercised, there will be further dilution. See "Dilution."

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" including statements containing the words "believes," "anticipates," "expects" and words of similar import. All statements other than statements of historical fact included in this Prospectus, including without limitation, such statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and located elsewhere herein, regarding the Company or any of the transactions described herein, including the timing, financing, strategies and effects of such transactions, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations are disclosed in this Prospectus, including, without limitation, in conjunction with the forward-looking statements in this Prospectus and/or under "Risk Factors." The Company does not intend to update these forward-looking statements.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 4,000,000 shares of Common Stock offered by the Company hereby, after deducting estimated Offering expenses payable by the Company and the underwriting discounts and commissions, are estimated to be approximately ‸ million. The principal purposes of the Offering are to provide working capital to fund the Company's long-term growth strategy, to ‸te future access by the Company to the public equity markets, to enhance the Company's ability to use the Common Stock as a means of ‸ting, retaining and motivating senior managers and professionals and to provide liquidity to its stockholders. The Company intends to use the net proceeds for working capital and general corporate purposes, including capital expenditures, expansion of the Company's product development efforts, additional advertising and expansion of the Company's international sales efforts. In addition, the Company may use all or a portion of the net proceeds from the Offering for possible acquisitions. The Company has no current agreements or specific plans with respect to any acquisition, but will consider acquisition opportunities as they arise. Company management will have broad discretion with respect to the proceeds of this Offering. Pending such uses, the Company intends to invest the net proceeds of this Offering in short-term, interest-bearing, investment-grade securities. The Company will not receive any of the proceeds from the sale of Common Stock by the Selling Stockholders. See "Risk Factors--Unspecified Use of Proceeds," "--Risks Associated with Acquisitions" and "Principal and Selling Stockholders."

DIVIDEND POLICY

The Company has not paid cash dividends in the past and has no present intention of declaring or paying any dividends in the foreseeable future. The Company anticipates that any earnings will be retained for the foreseeable future for use in the operations of the business. Any future determinations as to the payment of dividends will be at the discretion of the Company's Board of Directors and will depend on the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant by the Board of Directors. The Company's ability to pay dividends is restricted by certain covenants set forth in its Revolving Credit Agreement with NationsBank of Texas, N.A. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

DILUTION

At March 31, 1998, the Company's net tangible book value was $14,659,000 or $0.81 per share. Net tangible book value per share represents the amount of the Company's total tangible assets less the Company's total liabilities, divided by the number of shares of Common Stock ...nding. Without taking into account any other changes in such net tangible book value after March 31, 1998, other than to give effect to ...e of 4,000,000 shares of Common Stock offered by the Company hereby (after deduction of estimated expenses payable by the Company ... underwriting discounts and commissions), the net tangible book value of the Company on March 31, 1998 would have been $72,929,000 or $3.29 per share. This represents an immediate increase in net tangible book value of approximately $2.48 per share to the Company's existing stockholders and an immediate dilution in net tangible book value of $12.71 per share to new investors in the Offering. The following table illustrates this per share dilution:

Initial public offering price per share		$ 16.00
Net tangible book value per share before the Offering	$ 0.81	
Increase in net tangible book value per share attributable to new investors	2.48	
Net tangible book value per share after the Offering		3.29
Dilution per share to new investors		$ 12.71

The following table sets forth, at May 31, 1998, the difference between existing stockholders and the new investors in the Offering with respect to the number of shares purchased from the Company, the total consideration paid and the average price per share paid.

	SHARES PURCHASED FROM THE COMPANY		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders	19,099,282	82.7%	$ 4,838,636	7.0%	$ 0.25
New investors	4,000,000	17.3	64,000,000	93.0	$ 16.00
Total	23,099,282	100.0%	68,838,636	100.0%	

...ove computations exclude 423,666 shares of Common Stock issuable upon exercise of stock options outstanding at May 31, 1998. At May 31, 1998, an additional 518,000 shares of Common Stock are reserved for issuance under the Company's 1998 Stock Incentive Plan (the "Incentive Plan"). To the extent that any outstanding options are exercised, or additional options are issued, there will be further dilution to new investors in the Offering. See "Management--Benefit Plans," "Description of Capital Stock," "Shares Eligible for Future Sale" and "Underwriting."

CAPITALIZATION

The following table sets forth the capitalization of the Company at March 31, 1998 and as adjusted as of that date to give effect to the sale of 4,000,000 shares of Common Stock by the Company in the Offering and the application of the estimated net proceeds therefrom See "Use of ...ds" This table should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto appearing ...ere in this Prospectus

	AT MARCH 31, 1998	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Cash and cash equivalents	$ 602	$ 58,872
Note payable--current	$ 913	$ 913
Note payable--non-current	222	222
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; none outstanding	--	--
Common stock, $.001 par value, 50,000,000 shares authorized; 18,199,282 shares (actual) and 22,199,282 shares (as adjusted) issued(1)		
Additional paid-in capital	18	22
Common stock subscription	16,032	74,298
Deferred compensation	(231)	(231)
Accumulated deficit	(981)	(981)
	(171)	(171)
Total stockholders' equity	14,667	72,937
Total capitalization	$ 14,889	$ 73,159

(1) Excludes 313,666 shares subject to outstanding options at March 31, 1998

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial data at and for the fiscal years ended December 31, 1995, 1996 and 1997 are derived from the Consolidated Financial Statements of the Company, which have been audited by KPMG Peat Marwick LLP, independent certified public accountants. The ·d financial information for the three months ended March 31, 1997 and 1998 are derived from unaudited Consolidated Financial ·ents of the Company In the opinion of management, all adjustments consisting only of normal recurring adjustments, necessary for a fa.. presentation of the financial position and results of operations, have been included in such unaudited Consolidated Financial Statements Results for the three months ended March 31, 1998 may not be indicative of the results expected for the year ended December 31, 1998 The Consolidated Financial Statements at December 31, 1996 and 1997 and for each of the years in the three-year period ended December 31, 1997, and the independent auditors' report are included elsewhere in this Prospectus. The selected financial data should be read in conjunction with the Consolidated Financial Statements, the related Notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included elsewhere herein

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31	
	1995	1996	1997	1997	1998
	(IN THOUSANDS EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENTS OF OPERATIONS DATA(1):					
Net sales	$ 1.125	$ 3.522	$ 36.690	$ 1.475	$ 24.511
Cost of goods sold	756	1,590	9,991	587	5.862
Gross profit	369	1.932	26.699	888	18.649
Operating expenses (excluding stock compensation and bonus award)	613	1,709	15,826	823	9,777
Stock compensation and bonus award(2)	--	214	14.842	--	--
Operating income (loss)	(244)	9	(3.969)	65	8.872
Income (loss) before taxes	(243)	13	(4.071)	61	8 773
Net income (loss)	$ (243)	$ 13	$ (4 654)	$ 45	$ 5.642
Income (loss) per common share(3):					
Basic	$ (.05)	$ --	$ (.37)	$ --	$ 32
Diluted	$ (.05)	$ --	$ (.37)	$ --	$ 31
Weighted average common shares(3):					
Basic	4.423	11 238	12.519	11.873	17.662
Diluted	4.423	11.238	12.519	11 873	18.340

	AT DECEMBER 31,			AT MARCH 31,	
	1995	1996	1997	1997	1998
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash and cash equivalents	$ 243	$ 855	$ 1.956	$ 760	$ 602
Working capital	575	1.475	6,915	1.550	12.299
Total assets	650	2.559	17.360	3.116	25.793
Total debt (including current maturities)	--	230	--	479	1.135
Stockholders' equity	615	1,970	8,325	2,024	14,667

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(1) This table excludes financial information for the fiscal years ended December 31, 1993 and 1994 because operations in those years were not comparable in size or scope to current operations

(2) Consists primarily of a stock award to the Company's founder, Chief Executive Officer and President. See "Certain Transactions" and Note 9 of Notes to Consolidated Financial Statements

(3 Note 1 of Notes to Consolidated Financial Statements for information concerning the calculation of income (loss) per common share ghted average common shares outstanding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations addresses the performance of the C··· pany for the three months ended March 31, 1997 and 1998, and the years ended December 31, 1995, 1996 and 1997, and should be read in ···ction with the Company's Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus.

OVERVIEW

Adams designs, manufactures and markets premium quality, technologically innovative golf clubs. Founded in 1987, the Company operated initially as a components supplier and contract manufacturer. Thereafter, the Company established its custom fitting operation which currently services a network of over 100 certified custom fitting accounts. In the fall of 1995, the Company introduced the original Tight Lies fairway wood and, in December 1996, the Company extended the Tight Lies line to include the Tight Lies Strong 3, Strong 5 and Strong 7, with the Tight Lies Strong 9 being introduced in January 1998. Sales of the Tight Lies line of products increased significantly subsequent to the second quarter of 1997 when the Company launched an infomercial relating to the original Tight Lies fairway wood.

The Company's net sales are primarily derived from sales to on- and off-course golf shops and selected sporting goods retailers and, to a much lesser extent, direct sales to consumers, international distributors and the Company's custom fitting accounts. The Company defines net sales as gross sales less returns. The Company recognizes sales and an allowance for returns is estimated at the time products are shipped. The Company's net sales increased to $36 7 million for 1997 from $1.1 million for 1995 and to $24 5 million for the three months ended March 31, 1998 from $1 5 million for the three months ended March 31, 1997 The Company's net sales are based on orders for immediate delivery and backlog is not, therefore, necessarily indicative of future net sales.

The Company does not currently manufacture the components required to assemble its golf clubs, relying instead on component suppliers. Costs of the Company's Tight Lies fairway woods consist primarily of component parts, including the head, shaft and grip To a lesser extent, the Company's cost of goods sold includes labor and occupancy costs in connection with the inspection, testing and assembly of component parts at its facility in Plano, Texas

Operating expenses are composed primarily of selling and royalty expenses, general and administrative expenses, and to a lesser extent, research and development expenses Selling and royalty expenses include advertising and marketing expenses, salaries and commissions, royalties related to the Company's infomercial and independent consulting fees. During the year ended December 31, 1997 and the first three months of 1998, royalties were approximately 6% of net sales of the Company's original Tight Lies fairway wood, excluding international and ··· fitting sales The Company expects royalties to increase as a percentage of net sales as a result of the agreement reached with Nick ··· The Company's royalty expenses were $0 and $944,451 for 1996 and 1997, respectively Beginning May 1, 1998, Mr. Faldo is entitled to r..ceive a royalty equal to 5% of the Company's net sales of golf clubs (other than certain specialty items for which the royalty is 10%) sold outside the U.S. Although, there is no minimum royalty for 1998, Mr. Faldo will be entitled to a minimum royalty in subsequent years. See "Certain Transactions." General and administrative expense includes salaries and benefits for corporate management, accounting, administrative support staff, bad debts, independent consulting and professional services, and office rent and utilities Expenses associated with research and development efforts include salaries and independent consulting fees.

The Company was incorporated in Texas in 1987 and reincorporated in Delaware in 1990. The Company completed an internal reorganization in 1997 and now conducts its operations through several direct and indirect wholly-owned subsidiaries, including (i) Adams Golf Holding Corp., a Delaware corporation, which holds limited partnership interests of certain indirect subsidiaries of the Company; (ii) Adams Golf GP Corp , a Delaware corporation, which holds capital stock or limited partnership

interests, as applicable, of certain indirect subsidiaries of the Company; (iii) Adams Golf Direct Response, Ltd., a Texas limited partnership, which operates the call-center and advertising activities; (iv) Adams Golf, Ltd., a Texas limited partnership, which operates the golf club design, assembly and sales business; (v) Adams Golf IP, L.P., a Delaware limited partnership, which holds the intellectual property rights of the Company; and (vi) Adams Golf Management Corp., a Delaware corporation, which provides management and consulting services to c[illegible] [illegible]in of the Company's indirect subsidiaries

[illegible] [illegible]JLTS OF OPERATIONS

The following table sets forth operating results expressed as a percentage of net sales for the periods indicated. Results for any one or more periods are not necessarily indicative of annual results or continuing trends. See "--Quarterly Results and Seasonality," below.

CONSOLIDATED STATEMENTS OF OPERATIONS DATA	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1995	1996	1997	1997	1998
Net sales	100.0%	100.0%	100.0%	100 0%	100.0%
Cost of goods sold	67 2	45 1	27.2	39.8	23.9
Gross profit	32.8	54.9	72.8	60.2	76.1
Operating expenses	54.5	54.6	83.6	55.8	39.9
Operating income (loss)	(21.7)	0.3	(10.8)	4.4	36.2
Interest expense	--	--	0.2	0.9	--
Other income (expense)	0.1	0.1	(0.1)	0.6	(0.4)
Income (loss) before income taxes	(21.6)	0.4	(11.1)	4.1	35.8
Income tax expense	--	--	1.6	1 1	12.8
Net income (loss)	(21.6)%	0.4%	(12.7)%	3.0%	23 0%

THREE MONTHS ENDED MARCH 31, 1997 COMPARED TO THREE MONTHS ENDED MARCH 31, 1998

N[illegible] [illegible]les increased to $24.5 million for the three months ended March 31, 1998 from $1.5 million for the comparable period of 1997, primarily [illegible] [illegible]he continued market acceptance of the Company's Tight Lies line of fairway woods, and, to a lesser extent, a price increase effective J[illegible] [illegible]y 1, 1998. Net sales of the Tight Lies line of fairway woods increased to $23.8 million from $1.1 million for the comparable period of 1997, and increased as a percentage of net sales to 97 3% from 75.8%, respectively. Sales of the Tight Lies fairway woods increased subsequent to the Company's introduction of an infomercial marketing its original Tight Lies fairway wood in the second quarter of 1997. Net sales of other product lines for the three months ended March 31, 1998 increased to $0.7 million from $0.4 million for the comparable period of 1997, but decreased as a percentage of net sales to 2 7% from 24.2%, respectively. Net sales of the Company's products outside the U.S increased to $1.4 million for the three months ended March 31, 1998 from $0 2 million for the three months ended March 31, 1997, but decreased as a percentage of net sales to 5 7% from 11.0%, respectively. The increase in international sales in absolute dollars was due to increased market acceptance of the Tight Lies fairway woods and expanded international marketing efforts in the last half of 1997.

Gross profit increased to $18.6 million for the three months ended March 31, 1998 from $0.9 million for the comparable period of 1997, and increased as a percentage of net sales to 76.1% from 60.2%, respectively. Gross profit for the three months ended March 31, 1998 was favorably affected by an increased percentage of sales attributable to the higher margin Tight Lies fairway woods and the inherent cost savings associated with buying components in large volumes and assembling them on a substantially increased scale